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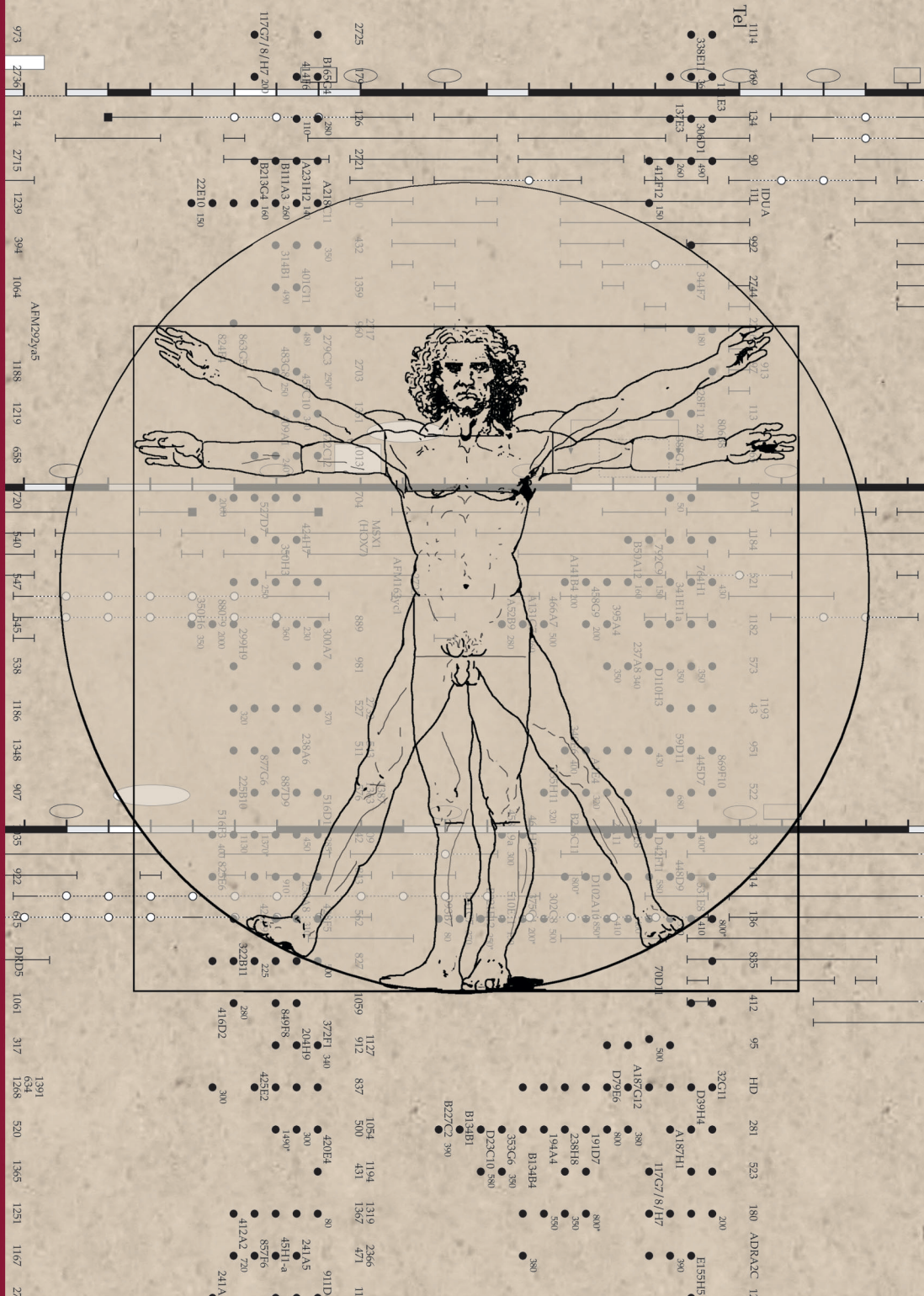
**Life Sciences:
U.S. Companies
are Making
the World a
Healthier Place**

INSIDE:

**Milestones in U.S.-
Russian History**

**Business Puts the
"Sing" in Singapore**

**Product Literature
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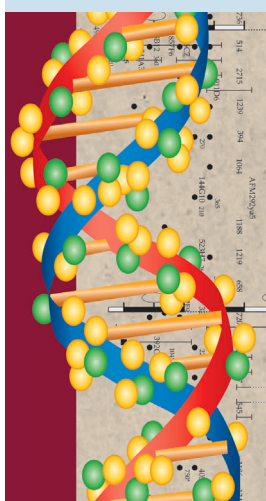
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July 2002 Volume 3 Number 7 <http://exportamerica.doc.gov>

NEW OPPORTUNITIES



Life Sciences: A World of Opportunities in Well-Being	20
Pharmaceuticals <i>by William Hurt and Marnie Morrione</i>	22
Biotechnology <i>By Emily Arakaki</i>	25
Nutritional Supplements <i>by Marnie Morrione</i>	26
Diagnostics <i>By Emily Arakaki</i>	28

GLOBAL NEWS LINE

Briefs on Russia, Italy, Saudi Arabia, Korea, Indonesia, New Zealand, Brazil <i>Prepared with the assistance of the U.S. & Foreign Commercial Service</i>	4
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SUCCESS STORIES

President's "E" Awards Recognize Exporting Excellence <i>by Curt Cultice</i>	6
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NEWS FROM COMMERCE

Product Literature Centers: More Bang for the Marketing Buck <i>by Stephen Green and Mara Yachnin</i>	8
Milestones in U.S.-Russian History <i>by William Corley</i>	10



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MARKET IN BRIEF

Business Puts the "Sing" in Singapore 12
by Doug Barry

TECHNICAL ADVICE

A Guide for U.S. Suppliers Doing Business 16
with the African Development Bank
by Tapan Banerjee

Ask the TIC: International Trade Scams 18
and Corruption
By Ashley Miller

INSIDER'S CORNER

Upcoming Trade Events Schedule: 30
July – December 2002

U.S. Product Exports to Regional Markets 34
Office of Trade and Economic Analysis

Design by Golden Dog Productions



Technology has always changed how we relate to our world.

Inventions such as the ballpoint pen, the telephone, and the computer have all changed how we live.

These changes irrevocably alter our society in ways we cannot even imagine. The United States is the driving force behind advances in communications, information technology, medicine and aerospace. As the inventors of these lifestyle and business transformers, we frequently assume that the technology transfer and assimilation that occurs here, also happens globally. However, access to these technological advances is not as universal inside or outside our borders. The term "digital divide" reflects the nature of the gap between those who use and benefit from technology and those who do not. The divide is a domestic and international issue — encompassing strata of economic, cultural, gender, and generation gaps. According to a recent report in *The Economist*, rich countries account for only 15 percent of the world's population but 90 percent of global IT spending and 80 percent of Internet users.

However, advances in technology can allow developing countries to leapfrog over old technologies, for example, skipping intermediate stages such as fixed line and analog telephones. Technology does not have to be "high" to be effective in improving lives. The development of oral rehydration packets, a simple solution of sugar and salt that increases the absorption of liquids, has cut the cost of treating diarrhea and saved millions of lives.

People are living longer for many reasons: better food, cleaner water, and more

effective medicines. It helps that the poor are getting richer: average annual incomes in developing countries doubled between 1975 and 1998, from \$1,300 to \$2,500 (in 1985 dollars at purchasing-power parity).

In large and small ways the gap between industrialized societies and developing economies is narrowing. But the effects of globalization have been disruptive in many ways such as the spread of armed conflict, environmental degradation and disease, as demonstrated by the spread of AIDS around the globe in one generation.

Our feature this month focuses on life sciences and how American entrepreneurship and invention can ameliorate global health issues. Pharmaceuticals, nutritional supplements, biotechnology, and diagnostics offer some of the more promising exporting opportunities for U.S. firms.

Other articles in this month's issue include a guide through the bidding process in the African Development Bank and how to steer clear of international trade scams. Next month, we will look at the changes that have taken place in the exporting process, learn how to follow up with trade leads from a PLC and hear about how the Commercial Law Development Program's efforts in legal reform in emerging markets are benefiting U.S. firms.

Until then, feel free to send your comments and feedback to us at Export_America@ita.doc.gov, and good luck in your exporting endeavors.

Cory Churches

Cory Churches
Editor



GLOBAL NEWS LINE

RUSSIA

After 10 years of stagnation, today the Russian Far East (RFE) construction industry is reporting stability.

Strong potential for growth lies in the development of Sakhalin Shelf projects and in regional interest-free financial programs for residential construction. RFE construction companies focus on erecting single-family homes or high-standard apartment houses for wealthy end-users. As 40 to 60 percent of earth-moving and lifting construction machinery in the RFE is worn out and needs replacement, U.S. exporters can find growing sales opportunities here. The residential construction industry, however, is plagued by limited working capital, and leasing is becoming a more popular financial mechanism.

ITALY

According to Promunidi srl, organizer of Italy's Expo Dental Fair, "The Italian dental industry is one of the most important in the world in terms of revenue, technological innovation and exports."

The Italian dental industry currently generates revenue of approximately 780 million euros (\$700 million), with two thirds of this figure represented by equipment and instruments, and one third by consumables. Exports account for 40 to 45 percent of the total amount, reaching as much as 80 percent for some products. Furthermore, the industry employs around 500,000 people in areas ranging from manufacturing to the consumer sphere.

Italian consumption of dental equipment and products is valued at \$719 million with \$204 million coming from imports. This demand is likely to be modified by recent reforms of the Italian national health system. Responsibility for health care financing is being devolved to the regions with the central government acting primarily to guarantee that all citizens are provided essential care. This should bring about further use of private practitioners (already prevalent) in the dental sector and increased competition

among dental care providers. This competition will be even more acute due to the exponential increase in graduates in dentistry in recent years.

The Italian Recycling Consortium for Waste Paper reports that in the first six months of 2001, southern Italy collected and recycled 42,000 tons of paper and paperboard, almost the total amount of paper that was recycled in 2000. It is estimated that by the end of 2002, paper recycled in the South of Italy will reach 114,000 tons. As a matter of fact, in merely 12 months, southern Italy has tripled the quantity of paper and paperboard collected and recycled, a result that brings the "Mezzogiorno" (southern Italy) closer to other areas of more developed European countries. The recycling of paper in Italy has reached the recycling objectives set forth by the Italian law known as the Ronchi decree for 1997/2001.

Italy recycles 45 percent of the paper and paperboard disposed of by consumers. This is a major achievement, especially when data indicates that from an international level, there was a drop of 30 percent in the collection and recycling of paper and paperboard. After years of large imports of waste paper for the national paper industry, in 2000, Italy exported an increasing amount of waste paper. In reducing the amount of paper and paperboard to be disposed of in landfills, Italy was also able to significantly improve the balance of trade.

SAUDI ARABIA

Since 1984, Saudi Arabia's trademark law has protected certain products and services in the marketplace. As global business extends its reach among Middle Eastern countries, trademark protection has taken on greater importance.

Registration of trademark constitutes legal title to certain intellectual property just as a deed evidences legal title to real estate. When a trademark is entered on the Trademark Register in

the Ministry of Commerce, the owner obtains exclusive use of the words, letters, numbers, symbols or other signs distinguishing the relevant product or service. This exclusive right to use the trademark in the kingdom continues for 10 years unless renewed for a similar period within the final year of registration. Failure to renew the trademark prior to its expiration requires the owner to file an entirely new application, since no grace period is allowed.

Certain products such as alcoholic beverages are not registerable, and others simply are not trademarks. Article two of the law contains a long list of those marks, which are not considered trademarks. Among them are words, which are merely descriptive, those that are of a purely religious nature, those that offend public morality, and official governmental signs and stamps identifying the Kingdom of Saudi Arabia. Naturally, any marks that are intended to mislead the public or misidentify the product or service are not registerable.

If a trademark is registered and all objections are overruled, the owner will have an unchangeable mark if he uses it for at least two consecutive years from the registration date. He may enforce his right against anyone who uses the trademark without his permission or license. Penalties include imprisonment and fines and probable damages resulting from the misuse of the trademark.

SOUTH KOREA

The South Korean government released its 2002-2006 Nuclear Energy Promotion Plan (NEPP) which outlines Korea's long term plans to build 12 additional nuclear power plants by 2015 and the budget for the development of nuclear technology. The Korean government allocated about \$150 million for nuclear R&D, an increase of 17.6 percent over last year's spending. It is believed that the budget for nuclear

R&D is still insufficient for making significant progress towards the Korean government's more ambitious long-term nuclear goals, which include operating a liquid metal breeder reactor. The majority of the budget will be funded by the nation's nuclear R&D fund, which is derived from a fraction of the earnings of the nuclear power generation, with only about \$22.4 million appropriated through the budget of the Ministry of Science and Technology (MOST).

Although a passive majority in South Korea accepts nuclear power, the NEPP also outlines several steps designed to increase public confidence in the program in an effort to mollify anti-nuclear activists. Meanwhile, the Korean government allotted an additional 18 percent in its R&D budget for advanced nuclear technologies. Korea will have a total of 28 nuclear reactors at six sites, accounting for a third of the country's generating capacity by the year 2015. Korea currently has 16 operating nuclear reactors at four sites with a total installed capacity of 13,716 MW. Of these, 12 units are equipped with pressurized water reactors, and four units are equipped with a pressurized heavy-water reactors. The 16 plants account for 28 percent of the country's total power plant capacity, and in 2001, they generated 39 percent of Korea's electricity.

INDONESIA

The demand for non-chemical and natural drugs/supplements is predicted to increase dramatically due to the success of a campaign for back-to-nature drugs by social organizations in Europe and the United States. Many Indonesian pharmaceutical companies have been producing plant-based drugs/food supplements. Some local manufacturers use Indonesian pure raw materials; however, some prefer to use imported raw materials due to higher quality standards. These bio-pharmaceutical transactions reached \$100 million in 2001 and are expected to increase this year. This indicates that more imported raw materials will be needed.

In a seminar on radiation safety in health services in Jakarta, Dr. Med Lukman Adji Saptogino of General Hospital Cipto Mangunkusumo revealed that about 80 percent of Indonesian newly installed radiology equipment malfunctioned in one or a few radiology parameters. Generally this malfunction is detected after the first year of usage. He also mentioned that some of the radiology equipment has been used for over 10 years and never been replaced because there is no funding from the hospital management. Although the use of radiology is relatively low, there is a need to upgrade the equipment in order to minimize accidents caused by radiation leakage. According to Dr. Lukman, ideally 20 percent of the hospital's revenue should be allocated to renew the existing equipment. This represents an opportunity for U.S. companies that can provide good quality at reasonable price radiology equipment.

NEW ZEALAND

Queenstown in New Zealand's South Island is this country's most important tourism center. The town's popularity is based on the beauty of its mountain range and the many activities that have developed around the mountains like skiing. Coronet Peak and The Remarkables located near Queenstown are regarded as two of New Zealand's most important ski fields.

In May this year, Coronet Peak and The Remarkables and a third South Island ski field, Mt. Hutt near Christchurch, were sold to a local joint venture company called Southern Alpine Resort Recreation. The new managers are local businessmen with other tourism interests who believe in "plowing money back into the business to get the product right." Although facilities at Coronet Peak, The Remarkables and Mt. Hutt are currently very good, the new owners plan to invest and upgrade existing equipment. (They are already in contact with major U.S. suppliers of ski equipment for snowmaking equipment and chairlift equipment.) The company

recognizes opportunities for other U.S. businesses supplying ski equipment, specifically for snowmobiles, snowboards, and ski racing gear.

BRAZIL

The adoption of the GSM standard by Telemar and TIM, the two companies that won the bid for operation of bands D and E in Brazil, may not be followed by wireless carriers currently using the TDMA standard. Some carriers are testing the CDMA2000 1x against GSM to evaluate the best technology to be used for a future migration to 2.5 or 3G.

According to the Yankee Group, investments for wireless infrastructure will reach \$4.7 billion in Brazil by 2004 when the 3G services are expected to start operations in country. The largest portion of this amount will be dedicated to preparing existing backbones to support applications of 2.5G and 3G.

A recent survey has demonstrated that before new services are offered, the sector needs to be reorganized because the service is not generating the revenues expected by the sector.

Local carriers using the TDMA platform believe that this technology can be used for two or three more years, and they prefer to wait to make the decision. During this period they would have time to address their financial problems and make a decision considering that the competition agreement they signed with ANATEL does not allow merging or partnering with other telecom companies before the beginning of 2005.

NEED MORE DETAIL?

Ask a foreign commercial officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E).

PRESIDENT'S "E" AWARDS RECOGNIZE EXPORTING EXCELLENCE

by Curt Cultice

Office of Public Affairs

When Kyongwon “William” Kim, president of EP International in Irvine, California decided to build his business around mustard he knew the formula for success: Change the taste preferences of Korean consumers who were not accustomed to eating the spicy yellow condiment.

It wasn't easy. Kim hired women in cowboy hats to hand out free samples in downtown Seoul. But slowly, his efforts began to reap rewards; Korea now

The Award, created by President Kennedy in 1961, recognizes U.S. businesses and organizations that have attained four years of consecutive outstanding export growth. As clients of the Commerce Department's Commercial Service, these award-winners represent a cross-section of America — everything from educational services and family-owned manufacturing to agricultural products and transportation.

“These awards demonstrate what can be accomplished through public-private sector cooperation,” Evans said. “When we help these businesses grow by guiding them through the export process, they in turn help the economy

ny is a world-class designer and manufacturer of bearings elements used in turbines and other power generation equipment. Kingsbury bearings were used extensively in U.S. warships during World War II and also during the subsequent reconstruction of Europe. Kingsbury originally won the Department of Defense “E” Award during WW II for creating parts for naval vessels.

In the 1980s, Kingsbury began to tap European markets, slowly spreading their markets to Australia, China, and India. Between 1998 and 2001, export sales for Kingsbury rose more than 55 percent, comprising 38.5 percent of total sales in 2001. Now, the firm has

“THESE AWARDS DEMONSTRATE WHAT CAN BE ACCOMPLISHED THROUGH PUBLIC-PRIVATE SECTOR COOPERATION,”

— Secretary Evans

imports nearly 10 shipping containers a month of American-grown mustard seeds, mustard powder and yellow Morehouse Mustard in barrels, buckets and plastic squeeze bottles. EP International also sells millet to Indonesia and peas to Japan — foods not generally common to the Asian palate.

For their endeavors in the global arena, Kim and sixteen other U.S. firms received the Presidential “E” Award for excellence in exporting last month from Commerce Secretary Don Evans.

and create high-paying jobs for the working people of America.”

Service providers also play an important role in the success of exporters and therefore are recognized with the “E” Award for Excellence in Export Service. Awardees provide financing, consultation services, and market promotion to exporting firms.

Kingsbury, Inc., of Philadelphia, Pennsylvania, is another “E” Award winner. Founded in 1912, the compa-

ny come full circle, winning the “E” Award purely on commercial merit. Kingsbury's President, Mr. Woods R. Brown, says the firm has achieved this success “through responsive customer service, constant product innovation, and beneficial partnerships with foreign sales representatives Italy, New Zealand, and the United Kingdom.”

Taylor Lumber of McDermott, Ohio, a leader and trendsetter in the flooring and hardwood industry, is a family-owned, rurally based company that has



Secretary Evans recognizes “E” Award winners during a ceremony held in Washington, DC on June 6. More than 2,700 firms have received recognition for their achievements in exporting since the award was created in 1961.

been in operation since 1881. An “E” Award winner, Taylor began to pursue international markets for its goods in 1975. The high-quality lumber sold by Taylor is used in many different areas, from traditional home construction and furnishings, to paper products, filters, and fragrances. Over the last five years, Taylor Lumber exports have grown by 236 percent, from \$6.4 million in 1997, to \$15.1 million in 2001. Export sales revenue now constitute more than half of total sales revenue. Employment at Taylor Lumber has gone from 56 workers in 1986 to 182 workers in 2001, providing a substantial job base in Scioto County. Taylor lumber has worked closely with the U.S. Department of Commerce to participate in trade missions, gather market research and make international business contacts. Taylor’s President, David R. Graf, says that “as a rural company, we’re proud to continue growing through export sales, as this means we can offer more jobs to the local community.”

Another “E” Award success is Melton Truck Lines, Inc., of Tulsa, Oklahoma. Melton Truck Lines had been in the trucking business since 1954 when,

more than 20 years ago, they began shipping internationally to Canada and Mexico. More recently, Melton has benefited from increased cooperation and coordination between these countries as a result of NAFTA. “Since 1996, Melton Truck Lines has seen its international business nearly double,” says Robert A. Peterson, the firm’s president. “Export sales now make up 22 percent of our company’s business.”

For firms like EP International, Kingsbury, Taylor, and Melton, the Presidential “E” Award is recognition by the U.S. government of what the private sector can achieve.

2,700 companies have won the “E” Award since its inception 40 years ago. This year’s award-winners are following in the foot steps of the original winners, which included IBM, Ford and Boeing. Although times have changed, the importance of exports to our nation’s economic growth and security are more important than ever. ■

“E” AWARDS CRITERIA

The criteria for receiving the “E” Award include:

- Demonstrated excellence in exporting by showing evidence of a substantial increase in volume of exports over four consecutive years,
- Having broken into highly competitive markets,
- Introducing new products into U.S. export trade,
- Shown evidence of overcoming exporting problems
- Have a detailed and effective international marketing program, and
- Shown that exports constitute a significant portion of total product sales and/or are materially in excess of the industry average.

Businesses can submit an application, which is available online at www.usatrade.gov under “Special Initiatives,” or can visit their local export assistance center for guidance in filing the application.

Each applicant is considered by the President’s “E” Award committee, a group representing the U.S. government’s various international trade interests. The Secretary of Commerce makes final selection. If applicants are not successful with their first submission, feedback is provided so that subsequent applications may result in receipt of the reward.

■ PRODUCT LITERATURE CENTERS

MORE BANG FOR THE MARKETING BUCK

by Stephen Green

Office of Telecommunications Technologies, Trade Development

and Mara Yachnin

Office of Aerospace, Trade Development

Successful participation in the global trade game involves many steps. One of those is making potential overseas buyers aware of your product or service. There are a number of ways that businesses can do this, including posting a catalog on a Web site, engaging in direct mail and marketing campaigns, or exhibiting at an international trade event. But smaller companies seeking new markets (or larger companies wishing to test the receptiveness of a particular market) can benefit from participating in a low-risk, low-cost method of product and catalog display organized by various offices within the Department of Commerce: the Product Literature Center.

■ WHAT IS A PLC?

A Product Literature Center, or PLC, typically offers space for a company's promotional and sales material at an international trade fair booth organized by the Department of Commerce and staffed by an industry specialist. Visitors to the booth can take literature with them and, after the show, participating businesses receive sales leads collected by Department of Commerce personnel.

The term "Product Literature Center" was first coined for the 1985 Paris Air Show. For years, small and medium-sized companies had desired a more economical means of displaying their products and services in the international marketplace. But the costs of exhibiting in international trade events, particularly the Paris Air Show, had increased to the point at which smaller companies could no longer afford to rent and staff a booth for the duration of a show.

In response to this situation, the staff of Commerce's Office of Aerospace developed a "Traders Information Center," which displayed and distributed companies' catalogs and forwarded sales leads back to participating companies. The Traders Information Center eventually evolved into the Aerospace Products Literature Center, which featured marketing literature for products, technologies, and services of U.S. aerospace companies.

■ A LONG HISTORY

The U.S. Department of Commerce has been offering companies the opportunity to display product literature at overseas locations for decades.

Initially, this method of introducing U.S. products to an overseas audience allowed information to be passed along to potential buyers in remote and sometimes inaccessible markets. In the 1960s and 1970s, U.S. companies were encouraged to send product information to overseas posts where it was made available to foreign buyers. In the pre-Internet era, this was the easiest and most effective way to introduce buyers to sellers.

As business came to focus more on the many industrial trade shows held around the globe, catalog displays became directly linked to an international trade event, specifically targeting a particular industry or geographic buyer. Literature centers are still organized in markets where there is a high degree of interest in U.S. products but not yet an organized trade event.

Literature centers are sponsored both by the U.S. embassy's commercial offices as well as the specific industry office within U.S. Department of Commerce headquarters. The organization of PLCs varies depending on the industry, geographic location, and target audience. For example, CEBit, the largest computer show in Europe,

attracts thousands of visitors and exhibitors, and the Department of Commerce offers a range of services to allow companies to participate at a level appropriate to attracting the right type of buyers for their investment.

Product Literature Centers have become more sophisticated over the years. Some PLCs display actual products, show company videos, and even distribute CD-ROMs. However, the fee to participate remains nominal and there is no booth space to rent. This is the perfect way for a company to have a presence at a show without a representative actually being on site.

BENEFITS TO BUYERS AND SELLERS

The benefits of PLCs accrue equally to U.S. sellers, foreign buyers, and trade show organizers. The seller or PLC participant is able to reach a group of potential buyers with a minimum of expense and commitment. In contrast to exhibiting at a stand-alone booth, a participating company has the benefit of displaying under the umbrella of the U.S. Department of Commerce. By exhibiting with a group of other companies, a participating business is likely to receive more visitors than if it were displaying individually. The foreign buyers can be assured that exhibiting firms are interested in selling to their specific market and, when contacted, will give them a serious response.

Visitors to a PLC likewise benefit by becoming aware of the products, technologies, and services of U.S. companies. Show organizers benefit in the long run if PLC participants eventually convert to stand-alone exhibitors once they have determined that the market is appropriate for their products or services.

MEASURABLE RETURNS

Participating in a Commerce-sponsored PLC will provide your company with a number of advantages:

- **The organizing office will assist you in preparing appropriate marketing material to distribute at the show.** Trade specialists can tell you how to organize your materials and samples effectively to attract the most attention to your product or service.

- **Trade leads are compiled and then forwarded to exhibitors at the conclusion of the show.** During the show, Commerce staff displays the literature of all participants, screens interested parties for relevance, and often has potential buyers fill out a comprehensive questionnaire for the U.S. PLC participant.

- **A PLC directory of participating exhibitors is provided to all visitors, that includes company and marketing information for each participant.** The directory is provided to all PLC visitors and may be distributed to exhibitors and other attendees of the show, as well as displayed in the library at the U.S. embassy where foreign buyers often search for U.S. suppliers.

- **PLCs provide inexpensive exposure for your company under the umbrella of a Commerce-sponsored booth, especially if you do not plan to exhibit at or attend a particular show.** At the same time, PLCs offer a low-cost opportunity to "test" your products or services in a foreign market where your company may not be active. If you plan to exhibit at a show where a PLC is organized, participating in the PLC can provide a useful vehicle for increased market exposure. The PLC staff is willing to direct interested foreign buyers to your booth location on the show floor.

CONTACTS AND SALES LEADS

Many show organizers designate visiting days for those who come from the trade and other days for the public.

Trade day visitors are required to document their professional status at the entrance. Commerce Department personnel also verify professional status prior to permitting a visitor to enter the PLC booth and, at some shows, visitors must complete a PLC entry questionnaire. While it cannot be guaranteed that each lead will generate business, success stories ensuing from PLC participation are common.

Typically, participants of a PLC receive between five and 15 qualified trade leads per day of the show. Additionally, many show visitors retain the printed PLC directory for future reference when they look for sources of new products.

HOW TO PARTICIPATE

Participation fees for PLCs normally fall between \$300 and \$600 per show, but there is no standard cost. Participation costs can vary depending on the sophistication of the show as well as the industry.

The schedule for PLCs varies. You can access the trade events section of export.gov at the following: www.export.gov/tradeevents.html. Selecting the "Catalog Show" category under the "International Trade Events" link produces a roster of forthcoming PLC events and the trade shows where they are scheduled to take place. ■

Our thanks to Steven Harper and Lisa Huot of the Medical Device Trade Promotion team for their valuable input.

■ MILESTONES IN U.S.-RUSSIAN HISTORY

MARKET ECONOMY STATUS, AND A LITTLE RESPECT, FOR RUSSIA

by William Corley
Export America

On June 6, 2002, the U.S. Department of Commerce (DOC) formally declared Russia a market economy. The declaration follows a nine-month, quasi-judicial process; the resultant market designation is rather technical and will primarily affect future anti-dumping investigations. This is but a small step in Russia's integration into the global economy and its elite multilateral organizations. However, this step represents another in a series of favorable developments in U.S.-Russian relations.

The announcement of market economy status follows a remarkable thaw in geopolitics. At the end of May, Russia and the United States agreed to cut their nuclear arsenals by two thirds over 10 years. Russia also joined the NATO summit in Rome to formalize its deepening relationship with the alliance. Yet these breakthroughs have been eclipsed by economic news as Russia has gained market economy status from the

European Union and the United States and taken one step closer to its distant goal of membership in the World Trade Organization (WTO).

■ A NEW ERA

Russia has changed dramatically in a decade, with noteworthy differences in its development and in U.S.-Russian relations. Ten years ago, on June 17, 1992, the DOC hosted a U.S.-Russia business summit in Washington, DC. At that time, the United States and Russia announced several agreements and joint declarations on commercial issues. The June 29, 1992, issue of *Business America*, the biweekly pre-decessor of *Export America*, described these accords, including a bilateral investment treaty; a treaty for avoidance of double taxation; an agreement on trade relations; and several bilateral programs for cultural, commercial, defense, and diplomatic cooperation and exchange.

The same issue of *Business America* carried a story about the opening of

the DOC's Business Information Service for the Newly Independent States (BISNIS). Ten years later, BISNIS and CEEBIC, its Eastern European cousin at the DOC, continue to provide valuable assistance to U.S. companies that do business in Russia and its neighboring countries.

A decade after the bilateral business summit at the DOC, Russia and the United States have deepened their ties and pledged further political and economic cooperation. This represents a long evolution of relations from 1992, the first year of Russia's statehood after the dissolution of the former Soviet Union.

Russia has come a long way since that fateful year, when it was beginning to implement so-called shock therapy reforms that would bring a painful transitional period of structural adjustment. Russia's transition to a market system in the 1990s included hyperinflation and plummeting output, followed by a period of stability, and then the financial crisis of 1998.

Russia has, against heavy odds and despite global recession, strung together three straight years of solid economic growth. This year, Russia's real GDP may grow 3.5 to 4 percent while inflation drops well below the 20 percent mark.

Much remains to be done in Russia. Critics cite corruption, bureaucracy, and lack of transparency and rule of law as some of the many reasons why Russia does not belong — or is incapable of functioning well — in the world economy. Admittedly, Russia barely makes the WTO's 2001 list of the world's top 20 exporters, accounting for less than two percent of global merchandise trade. The country does little better in rankings of emerging markets as recipients of foreign direct investment.

It is easy to forget that Russia's 144 million people have lived through more difficult times with greater challenges. However, change is in the air. It remains to be seen this decade just how far Russia will go in reforming itself, developing its economy, and developing multilateral relationships.

TO RUSSIA WITH LOVE

The DOC is among the optimists regarding Russia, supporting U.S. companies with exports to Russia totaling more than \$2.7 billion and direct investments of nearly \$1.1 billion in Russia last year. As Commerce Secretary Donald Evans indicated during his recent third trip to Russia for the DOC, it is important to further trade with Russia. "The benefits of open trade are universal, and the rewards of increased trade between our countries will be felt on every Main Street, factory floor and farm in the United States and Russia," Evans said. "President Bush and President Putin are committed to strengthening our trade ties, and I am optimistic

that because of their common objectives trade between our nations will continue to expand."

If the last decade is any indication of the future, Russia will continue its successes in diplomacy and economics — although perhaps not at a rapid pace. The signs are good. On the same day that the United States granted Russia market economy status, Russia's central bank announced plans for a major overhaul of the banking industry. We'll report back — in less than a decade.

FURTHER READING

The March 2002 issue of *Export*

America featured the new U.S.-Russian relationship and commercial opportunities in Russia. See www.trade.gov/media for a fact sheet about Russia's market economy status. Visit www.bisnis.doc.gov for commercial information and trade opportunities regarding Russia and its neighbors. ■



BUSINESS PUTS THE “SING” IN SINGAPORE

by Doug Barry

U.S. Commercial Service

Singapore, one of the most liberal and transparent commercial spots in the world, is the United States' eleventh-largest export market by value. Singapore consumed U.S. exports worth more than \$17.6 billion in 2001. Also, because Singapore is a center of trade and transshipment, U.S. companies can gain access to buyers across Southeast Asia through Singapore.

Singapore is the world's second-busiest port (after Hong Kong) and among the world's most e-commerce friendly markets. The city-state aspires to be among world's industrial leaders in electronics, chemicals, life sciences, engineering, communications and media, logistics, education, and health care. Singapore covets its status as a key Asian financial center and as an information-communications crossroads.

Due in part to a global boom in information technology (IT), Singapore's gross domestic product (GDP) in 2000 increased 10 percent over 1999 GDP. However, the economy slumped in 2001, hit hard by the fall in worldwide IT demand as well as the economic slowdown in the United States, Japan, and Europe, Singapore's primary

FACTS AND FIGURES

Total area: 647.5 square km (a little more than 3.5 times the size of Washington, DC)

Population: 4.2 million

GDP: \$88 billion (2002 forecast)

Real GDP growth: 3% (2002 forecast)

Inflation: 1% (2002 forecast)

GDP by sector: services 70%, industry 30% (agriculture negligible)

Main industries: electronics, intermediary trade and transshipment, chemicals, financial services, oil drilling equipment, petroleum refining, rubber processing and related

products, processed food and beverages, biotechnology, ship repair

Exports: electronics, machinery and equipment, chemicals, mineral fuels

Imports: machinery and equipment, mineral fuels, chemicals, foodstuffs

Official languages: Mandarin Chinese, English, Malay, and Tamil

Language and marketing: English is widely spoken in Singapore and is taught as the first language in many schools. English is also used on public signs and notices, in many workplaces, and in most advertising and marketing communications.

Sources: U.S. Department of Commerce, CIA, IMF, EIU.

trading partners. Singaporeans are nevertheless confident of a recovery in 2002 and 2003.

Good markets continue to exist in Singapore for electronic components and related manufacturing production equipment, particularly information and communications products, semiconductors, data storage, and key modules. Domestic production in this industry declined in the early part of 2001, leading to an increase in imports of electronic components.

Health care in Singapore also provides good opportunities for U.S. companies. Burton Medical Inc., a small manufacturer of examination and surgical lights based in Chatsworth, California, entered this sector with the help of the U.S. Commercial Service at the U.S. embassy in Singapore. As the global business solutions unit of the U.S. Department of Commerce, the Commercial Service offers many products and services to assist U.S. companies throughout the export process, including market research and supplier contacts.

Burton Medical signed up two distributors in Singapore using the Gold Key service, which identifies potential buyers and distributors and arranges meetings, either face-to-face or by videoconferencing. Burton Medical's Michael O'Malley says that Gold Key is "the best way to go into a country cold."

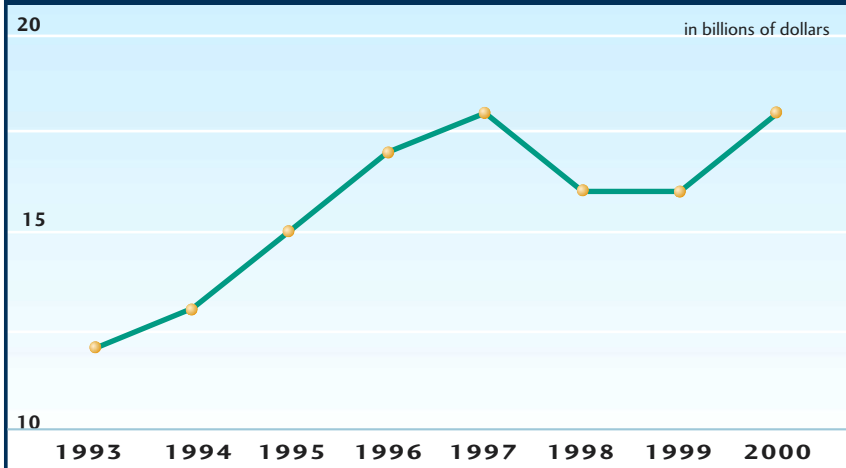
O'Malley discovered that although it is possible to cold-call prospective partners in the United States, this is not an accepted business practice in most Asian markets. Instead, he uses the U.S. Commercial Service, which operates in 85 countries within U.S. embassies and consulates, as his personal matchmaker. O'Malley says that without the Commercial Service, "first, I would never have found my distributors and second, they would have been suspicious of me without an introduction."

Singapore also attracts direct marketers, particularly to sell consumer goods such as gifts, cosmetics, health supplements, stationery, fitness equipment, household appliances, bags, and accessories. New legislation and regulations make it much easier for U.S. multilevel marketing firms to enter the Singaporean market. Singapore's direct marketing industry now includes direct mail, telemarketing, television sales, mail order, call centers, fulfillment, and e-commerce.

Singaporeans avidly embrace e-commerce. The U.S. Department of Commerce ranks Singapore as the eighth most "e-business ready" nation, based on connectivity and the business environment. In 1999, Singapore was the first country to offer universal broadband service. Household personal computer penetration and Internet access are higher in Singapore than in the United States. The country's 4.2 million people hold more than 2.5 million credit cards, and on-line payment systems are well established. Says Jonathan Bensky, senior commercial officer of the Commercial Service in Singapore, "This is an excellent market for small and midsize U.S. companies, and it's relatively easy to do business here."

For more information about Singapore from the U.S. Commercial Service, call 1-800-USA-TRAD(E) or visit www.export.gov to gain immediate access to numerous research reports. ■

TOTAL U.S. EXPORTS TO SINGAPORE



2002 CALENDAR

January

1 - New Year's Day
Back to school

February

12 - Chinese New Year
13 - 2nd Day of Chinese New Year
23 - Hari Raya Haji

March

29 - Good Friday
Easter Holiday and School Break

March/April

Tax Season

May

1 - Labor Day
26 - Vesak Day
(Observed on Monday, May 27)

June

Mid-Year School Break

July

Singapore Food Festival

August

9 - National Day

September

Teachers' Day and School Break

October

Children's Day

November

3 - Deepavali
(Observed on Monday, Nov. 4)

November/December

School Year end and Annual Holiday

December

6 - Hari Raya Puasa
25 - Christmas Day



TIPS FOR DOING BUSINESS

TARGETING SINGAPOREANS WITH MAIL

Mailing lists are available from the following sources:

- **Singapore Post** (www.singpost.com.sg)
Singapore Post provides pre-selected mailing lists that break consumer information into 13 categories: happy families, ambitious professionals (PMEBs), caring environmentalists, good sports, insurance buyers, mail order buyers, leisure holiday travelers, frequent travelers, private property owners, HDB dwellers (public housing), car owners, electronic enthusiasts, and computer owners.
- **Singapore Power** (www.singaporepower.com.sg)
Singapore Power can send inserts with water and electricity bills that will reach virtually every household on the island.
- Credit card companies often allow inserts with statements, direct mail, or eDM.

- Certain magazines also offer their lists for sale, including *IS* (targets younger PMEBs), *Her World*, *Home & Décor*, and *Drive/Torque*.

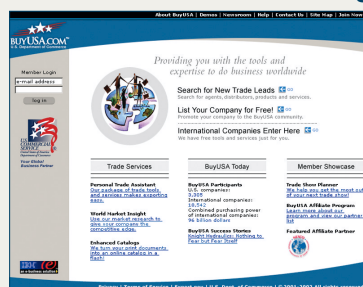
OTHER CONSIDERATIONS

- **Seasonality.** Depending on the goods or services, seasonality may be important. Consult the local calendar for holidays and other important dates.
- **Payment Methods.** Credit cards and domestic debit cards are widely used and accepted. International debit cards that ride on Visa and MasterCard are not as common. Personal checks also tend not to be accepted even at major stores. There is a deliberate effort by the Singapore government to move to a “cashless” society. (Card companies offer consumers zero interest payment.)
- **Customer Service.** While consumers are used to inquiring by phone (via a toll-free number) and Internet, fax and e-mail are also acceptable. Singaporeans are generally demanding and expect a quick response, preferably by the next day.
- **On-line Shopping.** More and more consumers are shopping on the Internet, but the total volume is still relatively low. The most popular shopping site is yahoo.com.sg, but its total business ranges from only about \$150,000 to \$200,000 monthly, aside from during the Christmas season when volume triples. The government is steering the nation towards e-commerce and an e-lifestyle.



USEFUL WEB SITES

U.S. Commercial Service in Singapore.



This is the best first stop for U.S. businesses interested in exporting to Singapore. The site provides full information on the range of services available in Singapore to help

U.S. exporters. It also contains a wide variety of links to useful Singaporean and American contacts.

www.buyusa.com/singapore/eu

U.S. Embassy in Singapore.

This contains an abundance of information on diplomacy, trade policy, and economic relations between the United States and Singapore, as well as reports on economic, political, and military developments within the country.

www.usembassysingapore.org.sg

American Chamber of Commerce in Singapore.



This contains information on economic, commercial, and political matters in Singapore, as they relate to U.S. business—trade between the two countries and support for U.S.

export promotion programs.

www.amcham.org.sg

Singapore Government.

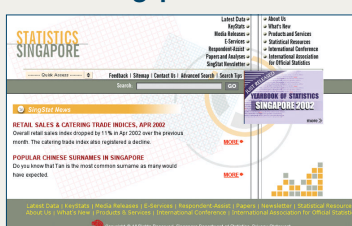


This provides information on current events, as well as many useful links to information sources related to business, finance, foreign affairs, travel to and within Singapore, and

the Singapore stock market.

www.gov.sg

Official Singapore Statistics.



This includes a wide range of current data on Singapore's economy, investment, trade, business, and society.

www.singstat.gov.sg

Ministry of Foreign Affairs, Singapore.

This offers useful information to foreign businesspeople, such as Singapore's relations with other countries, its position on various foreign policy issues, and links to Singapore's embassies.

www.mfa.gov.sg

Singapore Infomart: The National Website.



This offers a wealth of information for the foreign visitor to Singapore, including arts and entertainment, business, government, news and media, reference and research, sight-seeing, and travel.

www.sg

Asia One: Asia's News, Business, and Lifestyle Channel



This site provides the latest news stories, as well as links to other news sources, business and financial information, lifestyle topics, etc.

www.asia1.com.sg

The Business Times.



This newspaper focuses on business in Singapore, while also providing regional and world news.

<http://business-times.asia1.com.sg>

A GUIDE FOR U.S. SUPPLIERS DOING BUSINESS WITH THE AFRICAN DEVELOPMENT BANK

by Tapan Banerjee

U.S. Commercial Service

The African Development Bank (AfDB) is a multilateral bank whose shareholders include 53 countries in Africa and 24 countries from the Americas, Asia, and Europe. The United States is the second-largest, non-regional shareholder, with approximately 6.62 percent of the bank's total share holdings.

The AfDB is concerned with poverty reduction through employment creation, improvements in standards of living, infrastructure development, and good governance. Therefore, the bank funds projects, lines of credit, grants, and studies with an eye to these objectives.

The primary industries of focus are agriculture and rural development, water supply and sanitation, transportation, education, health, power supply, finance, and combined projects involving several sectors. Most projects are intended to benefit local communities, regions, and areas of particular countries; they normally do not involve large-scale undertakings, such as construction of airports and corporate and residential real estate.

HOW MUCH DOES THE AfDB COMMIT EACH YEAR TO FINANCE PROJECTS, LINES OF CREDIT, AND GRANTS?

In general terms, the bank commits \$2 to \$3 billion annually, and part of this sum goes to jointly co-financed projects with other multilateral and

bilateral organizations. From a cumulative standpoint, 1967 to 2001, the bank has committed approximately \$30 billion.

In recent years, financing to the private sector has played a more prominent role in the bank's financial commitments. In 2001, the AfDB financed approximately \$241 million in project loans and lines of credit to the private sector.

WHAT IS INTERNATIONAL COMPETITIVE BIDDING?

International competitive bidding (ICB) is a method for the procurement of goods and services requiring notification of the international community. Bidders from eligible member countries, which include the United States, are given an equal opportunity to bid. The majority of AfDB-funded contracts are tendered through ICB.

WHAT IS LIMITED INTERNATIONAL COMPETITION?

Limited international competition (LIC) is essentially ICB by direct invitation without open advertisement. LIC is normally utilized when the contract values are small, there is a limited number of suppliers, and/or if there are special circumstances. With LIC, the borrower must prepare a list of potential suppliers and contractors making an effort to draw them from a wide range of eligible member countries. The borrower must submit the list to the bank for comments and approval. The general procurement notice will indicate if LIC is to be utilized.

In order to be considered for inclusion on the list for LIC, U.S. companies are strongly encouraged to submit a letter of interest to the executing agency in response to the general procurement notice.

WHAT IS NATIONAL COMPETITIVE BIDDING?

National competitive bidding (NCB) is the competitive bidding procedure normally used for public procurement in the country of the borrower. In some instances, NCB may be the most efficient and economical way of procuring goods or services, which by their nature and scope are unlikely to attract foreign competition. U.S. companies are eligible to submit bids; however, procurement notices are only published within the respective country.

ICB and NCB are the two most common methods of procurement. For more information on other types of procurement, please refer to the AfDB's Rules of Procedure for Procurement of Goods and Works.

WHERE DO I FIND PROCUREMENT NOTICES?

The invitations to bid (specific procurement notices) appear in the *UN Development Business* journal, *ADB Business Bulletin*, and at least one major newspaper in the borrower's country. For special contracts, procurement notices may be published in leading technical journals, magazines or newspapers. Also, bank rules stipulate that any company that has sent a letter of

interest in response to the general procurement notice must be sent the corresponding procurement notices.

The AfDB Commercial Liaison Office also transmits specific procurement notices through our Trade Opportunities Program.

WHEN DOES PRE-QUALIFICATION OF BIDDERS APPLY?

The AfDB requires pre-qualification of bidders for large, complex or turnkey contracts to ensure, in advance of bidding, that invitations to bid are confined to capable firms. For suppliers of goods or equipment, pre-qualification may be required where quality and/or performance is of primary importance, and/or supplier back-up and maintenance services are critical.

The bank requires that pre-qualification be based upon the following criteria: experience and past performance on similar contracts; knowledge of working conditions in developing countries; capabilities with respect to personnel, equipment, and construction or manufacturing facilities; financial position; and current commitments. There is no limit to the number of firms that may pre-qualify, and the bank must approve the list of firms submitted by the borrowing government.

The invitation to pre-qualify will be published in various international media, like *UN Development Business*, and indicate the criteria for pre-qualification. The notice will indicate where the pre-qualification documents can be obtained and when the completed forms must be submitted.

WHAT IS THE TIMELINE FOR SUBMISSION OF BIDS?

The bank requires at least 60 calendar days from the date of publication of the invitation to bid (specific procurement notice) for bid submissions. For contracts involving larger works, the requirement is 90 calendar days to

allow prospective bidders to investigate the site before bid submission. The date of publication in *UN Development Business* is the start date for the bid period.

HOW ARE BIDS EVALUATED?

The specific procurement notices will list the evaluation factors to be utilized by the borrowing government. In most cases, it is the lowest evaluated cost bid that is chosen among comparable bids.

WHAT STEPS DO I NEED TO TAKE TO BE SUCCESSFUL?

- Consult the general procurement notices in *UN Development Business*; *ADB Business Bulletin*; the AfDB Commercial Liaison Office Web site; and/or international/local journals, newspapers, and magazines.
- Send a letter of interest to the executing agency of the borrowing government outlining what types of goods and services you can provide. This will facilitate your company being notified when corresponding invitations to bid (specific procurement notices) are issued.
- Consult the invitations to bid (specific procurement notices) in *UN Development Business*; *ADB Business Bulletin*; the AfDB Commercial Liaison Office Web site; and/or international/local journals, magazines, and newspapers. For information about the AfDB, see www.afdb.org. If you have questions or need additional information about a project, contact the AfDB Liaison Office at Tel: +228 224-11250 or Email: Tapan.Banerjee@mail.doc.gov. ■

MARYLAND FIRM WINS \$602,000 AfDB CONTRACT IN UGANDA

On May 3, Sheladia Associates, a Rockville, Maryland-based company, beat competitors from Europe and sub-Saharan Africa to win a technical assistance contract valued at \$602,000. The contract involved the supervision of a road-regraveling project in central Uganda. U.S. Commercial Service officers at the African Development Bank counseled this firm on how to track and pursue AfDB consulting opportunities. The Commercial Service encouraged Sheladia to locate a strategic partner based in Africa that had recent experience managing a development project in order to strengthen the U.S. firm's bid before the bank made its selection. The AfDB Commercial Service recently completed a road show with stops in Los Angeles, Chicago, and New York. Each stop attracted more than 100 participants.

ASK THE TIC

INTERNATIONAL TRADE SCAMS

by Ashley Miller

Trade Information Center

U.S. companies must be aware of international business scams and illegitimate trade deals. One of the most common scams in international business is based primarily in West Africa in countries such as Nigeria, Ghana, Benin, Togo, the Democratic Republic of the Congo, and Sierra Leone. While there are many legitimate West African companies that do business in the United States and with U.S. exporters, there are also, unfortunately, many organized crime rings as well as renegade individuals that take advantage of unsuspecting people. The following article gives specific information about some of these illegitimate business deals, how to help companies identify if they are the targets of a scam, and where to report possible scams.



WHERE DO THESE SCAMS ORIGINATE?

Many of these scams originate in West African countries. While Nigeria has been the primary originating location, scam artists are aware that "Nigeria" has become synonymous with "scam" and have begun to branch out into other countries. There is a spectrum of sophistication in executing and perpetrating these campaigns, which includes organized rings on the one end and unemployed teenagers in cyber cafes on the other end.



HOW DO THESE SCAMS WORK?

The scam essentially is a confidence scheme with a hook that takes numerous and bogus forms. According to the U.S. Secret Service Financial Crimes Division, "Nigerian nationals, purporting to be officials of their government or banking institutions, will fax, mail, or e-mail letters to individuals and businesses in the United States and other countries. The correspondence will inform the recipient that a reputable foreign company or individual is needed for the deposit of an overpayment on a procurement contract. The letter will claim that the Nigerian government overpaid anywhere from \$10 to \$60 million on these contracts." Such fraud is called 4-1-9 fraud, after the section of the Nigerian penal code that addresses fraud schemes.

Recently, scams have also taken the form of bogus sales contracts. An African firm or government official requesting a rather large export sale will contact the

targeted individual or company. The sale will often ask for samples (e.g., cellular phones and equipment) to be sent in advance of the sales negotiation.

Other schemes may involve a religious-based contribution, inheritance, an ex-dictator or relative of ex-dictator trying to get money out of the country before going to jail, and people purporting to want to invest in your company. All of these act as bait. The scammers then try to get the victims 100 percent convinced that they will get the payoff. It is at this time that "fees" are demanded.



HOW DO I KNOW THESE CORRESPONDENCES ARE SCAMS AND NOT LEGITIMATE BUSINESS DEALS?

There is often a perception that no one would enter such an obviously suspicious relationship. However, many victims have been led to believe they can share in such windfall profits. Individuals are asked to provide funds to cover various fees and for personal identifiers such as Social Security numbers, bank account numbers, and related data. The correspondence will usually ask the individual to pay a fee in order to transfer assets from a Nigerian bank account to another account. These scams are called advanced fee fraud, because of the demand for upfront fee payments.



ARE THERE CERTAIN SPECIFIC DETAILS IN THESE CORRESPONDENCES THAT WOULD HELP ME TO DETERMINE IF THEY ARE SCAMS?

Requests to send money, bank drafts, bank account numbers, or personal information are red flags. Also, the correspondence typically refers to the confidentiality of these deals, urging the addressee not to speak to anyone about the transaction. Some correspondences will be addressed to a "Dear Sir" while others may come addressed to a specific individual. Urgency of response is another typical sign.

If you or your company has never done business in Africa before and/or do not know how the correspondents could have received your personal information, you should be suspicious. Most persons doing business in Africa are familiar with their industry and can trace new professional contacts to a specific source.



WHAT IS BEING DONE TO STOP THESE SCAMS?

The U.S. Secret Service Financial Crimes Division established Operation 4-1-9 to target Nigerian advanced fee fraud on an international basis. According

to the Financial Crimes Division, "the agents on temporary assignment to the American Embassy in Lagos, Nigeria, in conjunction with the Regional Security Office, supplied information in the form of investigative leads to the Federal Investigation and Intelligence Bureau (FIIB) of the Nigerian National Police. Officials of the FIIB and Secret Service have made a round of arrests in Lagos. Evidence seized included telephones and facsimile machines, government and Central Bank of Nigeria letterhead, international business directories, scam letters, and addressed envelopes, and files containing correspondence from victims throughout the world."



WHAT SHOULD I DO IF I RECEIVE A SCAM LETTER?

First, it is important that you do not correspond AT ALL with the persons named in the scam letters. Any contact with the perpetrators puts you at risk of being scammed. Do not reply to their letters, emails, or call them by telephone. If the correspondence is electronic, you can forward the e-mail to the Financial Crimes Division of the U.S. Secret Service at 419.fcd@uss.s.treas.gov or fax a copy of the letter to (202) 406-5031. If you have been victimized and lost money due to such scams, you should contact your local Secret Service office. Contact information can be found under the U.S. Government section of your local white pages.

For further information, please contact:

The Trade Information Center's Africa Team at 1-800-USA-TRAD(E) or www.export.gov/tic.

The U.S. Secret Service Financial Crimes Division at www.ustreas.gov/uss.s. ■

FOR MORE INFORMATION

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 19 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. Government's export promotion programs and activities. You, too, can "Ask the TIC" by calling 1-800-USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30 EST. Or visit the TIC's Web site at www.export.gov/tic.

CORROSIVE CORRUPTION

Bribery in Emerging Markets

by William Corley

Export America

As companies continue to develop globally, corruption is an increasingly hot topic in business and government circles. Generally, governments and multinationals recognize that corruption has very harmful effects on political and economic welfare. Bribery in commercial transactions is the dominant feature of corruption, but corruption ranges from money laundering to improper public procurement.

The World Bank has argued, with ample statistical evidence, that corruption hinders economic development. Indeed, high levels of corruption are strongly linked to lower levels of growth and per capita income. Corruption inflates government spending, lowers domestic investment, and discourages foreign direct investment. It also tends to shift government spending away from education, infrastructure, and health care.

BRIBE PAYERS INDEX

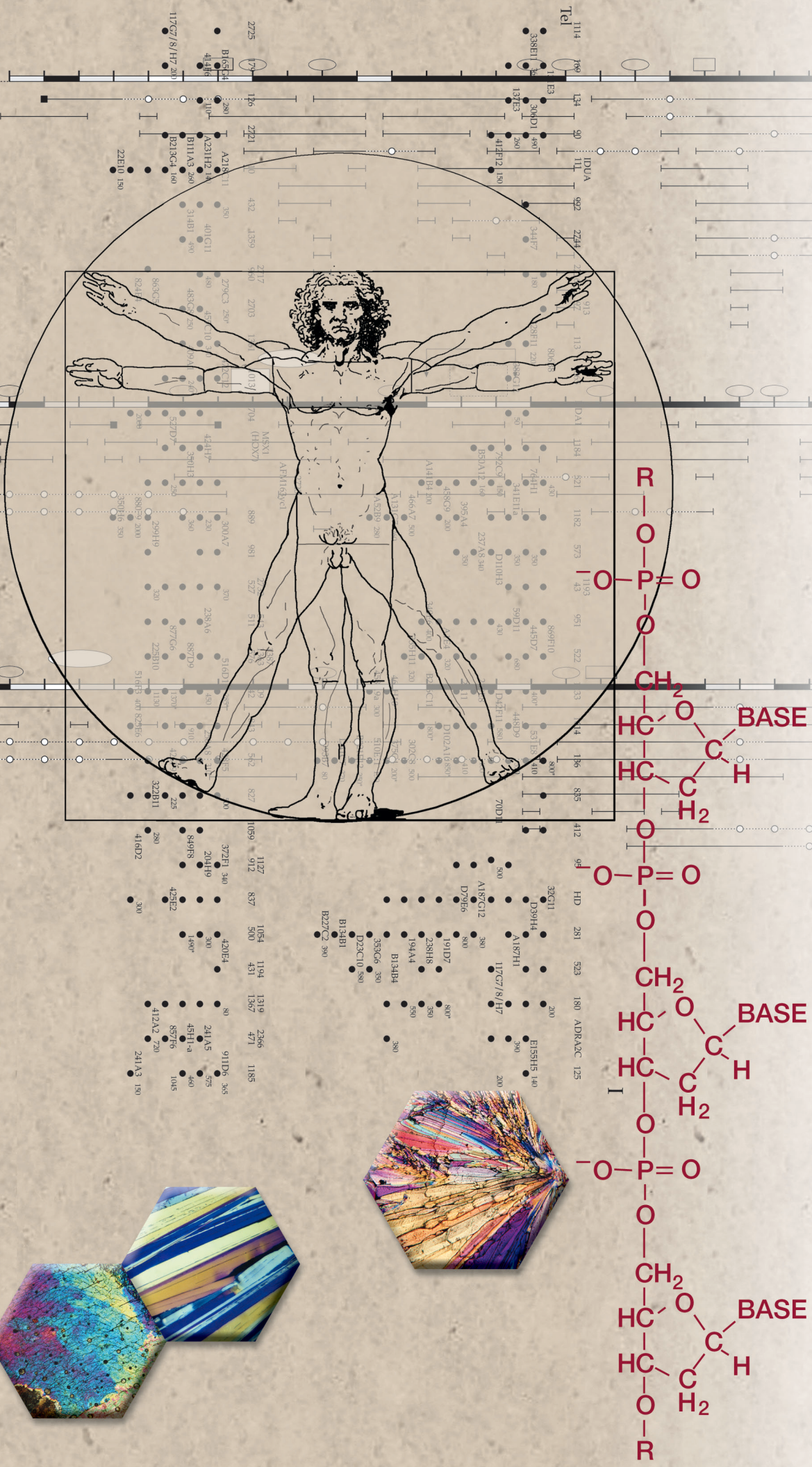
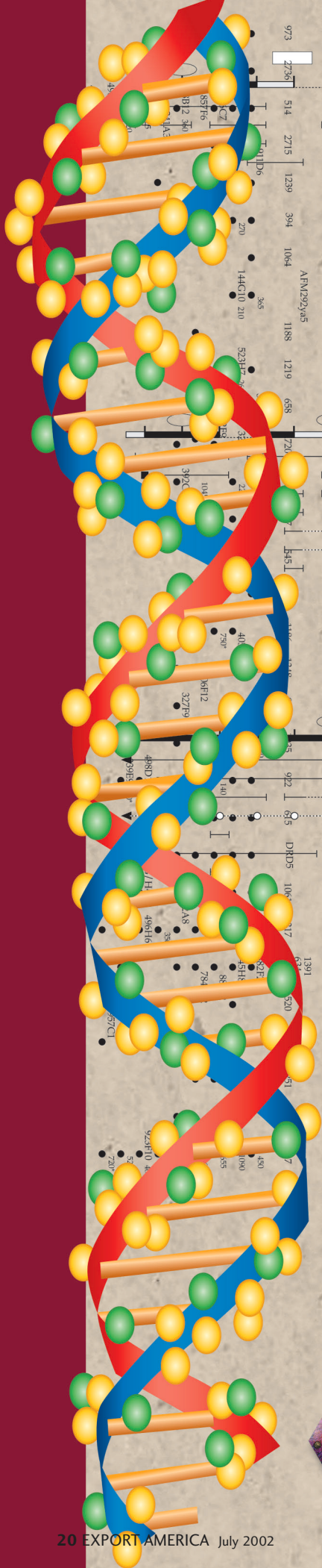
Corruption, particularly bribery, is not uncommon in emerging markets. Although domestic companies are more likely to pay bribes in emerging markets than foreign firms, multinationals are far from innocent. Transparency International (TI), a non-governmental organization that combats global corruption, recently compiled its latest Bribe Payers Index (BPI). The BPI ranks countries on a zero-to-10 scale in which high scores indicate a low propensity to pay bribes to public officials overseas. Australia, Sweden, and Switzerland ranked the highest. Japan and the United States ranked 13th among the 21 exporting countries, with 5.3 scores. Companies from Russia, China, Taiwan, and South Korea showed very high levels of bribery in emerging markets. Public works/construction, followed by arms and defense, were the sectors with the highest levels of perceived corruption.

The BPI is based on surveys conducted in 15 emerging markets: Argentina, Brazil, Colombia, Hungary, India, Indonesia, Mexico, Morocco, Nigeria, the Philippines, Poland, Russia, South Africa, South Korea, and Thailand. TI carried out 835 interviews with senior executives of domestic and foreign companies, as well as executives at bi-national chambers of commerce, national and foreign commercial banks, chartered accounting firms, and commercial law firms. The surveys centered on perceptions of corruption involving multinational companies from 21 leading exporting countries.

FURTHER READING

Bribe Payers Index 2002, Transparency International, May 2002; "The short arm of the law," *The Economist*, 2 Mar. 2002; No Longer Business as Usual, OECD, Oct. 2000; S.J. Wei, "Corruption in Economic Development," World Bank Working Paper 2048, Feb. 1999; World Development Report 2002, World Bank, Sept. 2001.

Transparency International
www.transparency.org



LIFE SCIENCES

A WORLD OF OPPORTUNITIES IN WELL-BEING

Health care and well-being are topics to which all of us can relate. Businesses

owners are well aware of the effect that poor health can have on the overall productivity of a work force, as well as on the infant mortality rate and life expectancy of a population. International attention has focused recently on the health issues of both developing countries and industrialized nations.

Communicable and preventable diseases in both the developed and developing countries are astounding. Rates of migration, ease of travel, and the breakdown of health systems contribute to the spread of these illnesses. For example, according to the World Health Organization, Europe is experiencing an alarming rise in the numbers of cases of tuberculosis (TB), particularly in Eastern and Central Europe and the former Soviet Union. The number of TB patients in Europe rose from 280,000 in 1995 to 370,000 in 2000.

The obstacles in reaching affected populations range from inadequate infrastructure to insufficient medical personnel and medicines as well as cultural assumptions regarding the spread and treatment of diseases like AIDS.

Awareness of these issues and dedication by national and international organizations to take steps to remedy them mean that opportunities exist for U.S. health care companies. Major industries such as pharmaceuticals, nutritional products, biotechnology, and diagnostics are being affected by these worldwide health challenges.

The U.S. pharmaceutical industry is the pinnacle of a global, multibillion-dollar market. This industry leads the world in research, innovation, and growth. It also responds to widespread demographic trends, including rising living standards in developing countries, regional pandemics, and growing elderly populations in developed nations. The U.S. pharmaceutical industry represents more than half of the global market, and the export opportunities for U.S. companies are solid.

In the United States, research organizations, government agencies, health care systems, physicians, regulatory authorities, financial institutions, and consumers all come together to create an industry that is the envy of the world. The pharmaceutical industry is one of the crown jewels of U.S. manufacturing. However, serious issues in regulation, market access, and other areas must be addressed if the United

States is to maintain world leadership in this vital industry.

Meanwhile, advances in life sciences have created tremendous growth prospects and export opportunities. Biotechnology and diagnostics offer some of the most exciting developments, including safer medicines, cleaner manufacturing processes, and increased agricultural yields. Additionally, the mapping of the human genome and proteins has spurred the development of all sorts of techniques and products to fight diseases. At the same time, nutritional products have performed well in recent

years and have good overseas prospects, particularly in Asia.

Market research, proper product classification, regulatory considerations, and other fundamental factors greatly influence the likelihood of success in exporting activities. Within this feature, specialists from the Trade Development unit of the U.S. Department of Commerce present both the opportunities and challenges inherent in exporting pharmaceuticals, nutritional products, biotechnology, and diagnostics. ■

PHARMACEUTICALS

by William Hurt and Marnie Morrione

Chemicals, Pharmaceuticals, and Biotechnology, Trade Development

The pharmaceutical industry is unique among U.S. industry sectors. The industry is consistently ranked one of the top performing industries. *Fortune* ranked the pharmaceutical industry as best performer in 2001. Large, diversified, and global, the U.S. pharmaceutical industry plays a crucial role in the U.S. economy. According to the *IMS Market Prognosis International 2002-2006 Report*, the U.S. market for pharmaceuticals will reach \$330 billion by 2006. The U.S. pharmaceutical market is expected to grow by almost 12 percent yearly between 2000 and 2005. Research-based companies currently have more than 1,000 medicines in the pipeline. Also, since 1984, generic drug companies' share of the prescription drug industry has grown from 19 percent to 47 percent. Economists predict that by 2005 generics will account for 57 percent of the market by volume.

On a global scale, the United States is expected to be the engine for growth in the world pharmaceutical market between 2002 and 2005. Global sales of prescription drugs (including both branded and generics) and over-the-counter (OTC) remedies top \$300 billion annually. Due to innovation, the United States will increase its dominance of the global pharmaceutical market to 60.5 percent by 2005 according to IMS health reports.

The international market for pharmaceuticals offers a wealth of potential for U.S. companies and is expected to grow at 7.8 percent annually to \$406 billion in 2002. Key factors fueling the

expansion include strong demographic gains of the elderly, rising living standards in developing nations, and intensified global R&D activity, which should generate a steady flow of new therapeutic products. During the next five years, the fastest growing regions are expected to be North America, the Middle East, and Asia.

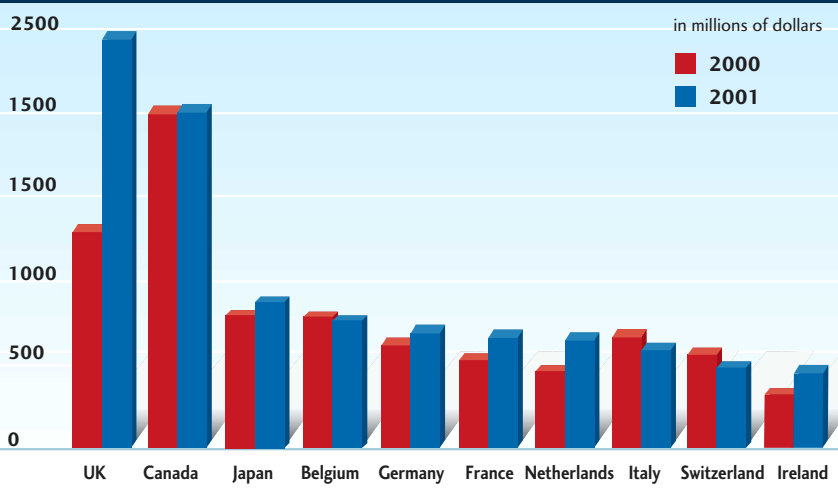
With all its accomplishments the U.S. pharmaceutical industry has some serious vulnerabilities: its public image; its relationship with international organizations; international property violations; and market barriers. If these problems are not addressed, they could lead to major losses of market share and a weakening of the industry's economic success and innovation. The Commerce Department is working on all of these areas to promote international trade for the U.S.

pharmaceutical industry and to expand export opportunities. The pharmaceutical industry must remain healthy, since it is not only a significant contributor to the U.S. and world economies, but also a player in improving global health.

PUBLIC IMAGE

While the U.S. pharmaceutical industry has done an outstanding job marketing its products, it has done a poor job in marketing itself. The message has not been conveyed on all the good work the industry offers. The U.S. pharmaceutical industry does more philanthropic work than any other domestic industry sector. From 1996 to 2000, America's pharmaceutical companies gave more than \$1 billion in health and infrastructure donations

TOP MARKETS FOR EXPORTS OF PHARMACEUTICAL PRODUCTS BY VALUE



Source: DataWeb, USITC



AIDS testing equipment.

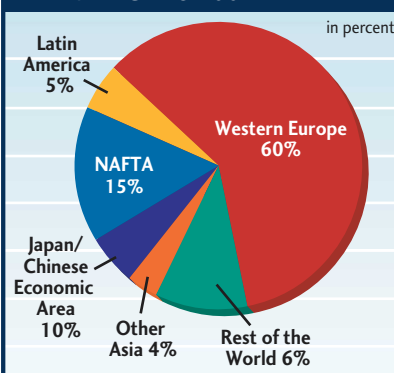
to the developing world. Many of the pharmaceutical companies have also begun to tackle the HIV/AIDS crisis by contributing to prevention and treatment programs. For example: Merck donated funding and medicine to the Botswana Comprehensive HIV/AIDS Partnership to improve HIV/AIDS education; Bristol-Myers Squibb contributed \$115 million through its Secure the Future program, which supports orphans, women, and children with HIV/AIDS in sub-Saharan Africa; and, Pfizer funded the Academic Alliance for AIDS Care and Prevention to build, operate, and equip AIDS treatment and prevention centers in Uganda. These are just a few of the philanthropic efforts. In all, the pharmaceutical industry has a positive impact on humanitarian efforts in more than 100 developing countries around the world. Commerce is starting to work with industry representatives, trade associations, and international organizations to highlight the contributions U.S. industry is making to world health. On June 24, Commerce Secretary Don Evans joined Secretary of State Colin Powell and other U.S. government officials at the Conference on the Role of Public-Private Partnerships in the Global Fight against HIV/AIDS, to emphasize the important role the private sector plays in combating AIDS worldwide.

INTERNATIONAL ORGANIZATIONS

As the industry becomes more global, and health and trade issues become more interwoven, international organizations take on a new importance. For example, the World Health Organization (WHO) is playing a critical role in shaping the multibillion-dollar international health market in which U.S. pharmaceutical companies operate. U.S. pharmaceutical companies have concerns that some WHO policies are creating an uneven playing field for the United States in the international arena. U.S. companies are concerned that the WHO does not hear or consider their views regarding issues such as the WHO's Essential Drug List, global pricing, and quality control.

The Department of Commerce (DOC), in collaboration with other federal agencies, is working to increase communication with the WHO regarding health and trade issues, and to initiate discussions between the WHO and the private sector. For the first time, the DOC participated as a member of the U.S. delegation in the World Health Assembly of the WHO in Geneva, Switzerland, May 13-18, 2002. The

U.S. EXPORTS PHARMACEUTICALS AND MEDICINES 2001



Source: ITA/OTEA/Trade Patterns Tables, May 2002

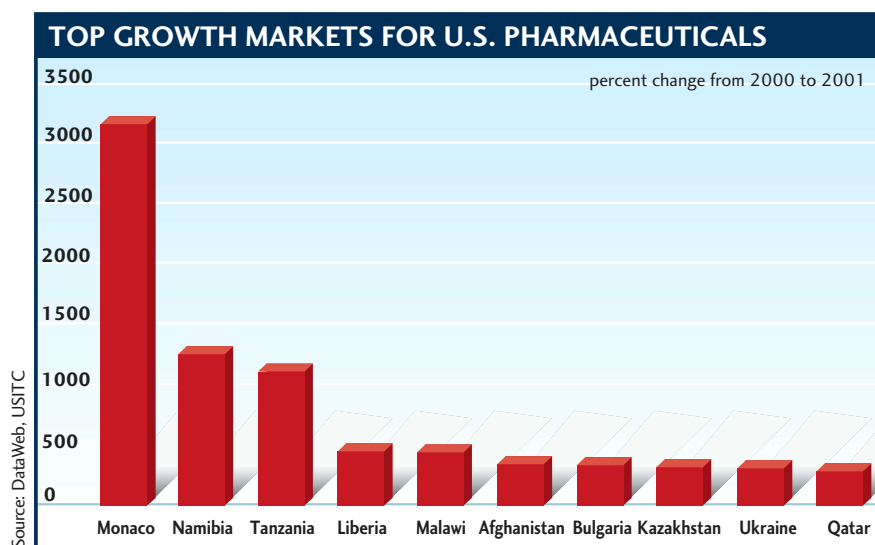
main function of the assembly is to determine the policies of the WHO. Assistant Secretary for Trade Development Linda Conlin represented the DOC at the assembly. She also met with WHO officials, private-sector groups, and non-governmental organizations to discuss how increased collaboration between the various sectors might move forward some of the ideas on how to improve global health.

Another international initiative that impacts the U.S. pharmaceutical industry but also provides opportunities is the Global Fund to Fight AIDS, Tuberculosis and Malaria, proposed by U.N. Secretary-General Kofi Annan



Photo courtesy of U.S. Mission, Geneva

Linda Conlin, Assistant Secretary for Trade Development, Raymond Gilmartin, Chairman, President, and CEO of Merck & Co., and Dr. George A.O. Alleyne, Director, Pan American Health Organization gather at the World Health Assembly in Geneva, Switzerland.



and strongly supported by the United States. The United States has pledged \$500 million to the fund to date. The DOC has been working with Health and Human Services, the State Department, U.S. Agency for International Development, and other federal agencies to assist in the fund's development. The U.S. government and Commerce believe the fund represents a unique opportunity for public-private partnerships to provide grants for prevention, treatment, and care. Not only does the fund provide money for purchasing medicines, but it also provides possibilities for the private sector to offer assistance with infrastructure, technical knowledge, distribution systems, and education.

INTELLECTUAL PROPERTY RIGHTS

Strong intellectual property protection is essential for research and innovation, and it creates incentives for further investment and technological progress worldwide. On November 14, 2001, in Doha, Qatar, the member countries of the World Trade Organization (WTO) adopted a "political declaration" on public health and the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). The declaration confirms that all member countries can avail themselves

of the flexibility inherent in TRIPs to address public health emergencies, such as epidemics of HIV/AIDS, tuberculosis, and malaria.

The Doha declaration left unresolved one issue of concern to developing and least-developed countries with respect to compulsory licensing and access to pharmaceuticals. The declaration recognized that certain WTO members could have difficulty using the compulsory licensing provisions of the TRIPs agreement when there is no producer in the country to produce the pharmaceutical to be licensed. The TRIPs Council must find an expeditious solution to this problem and report to the General Council of the WTO before the end of 2002. The DOC is working with the Office of the U.S. Trade Representative and other federal agencies to develop an acceptable solution.

MARKET ACCESS AND REGULATORY BARRIERS

In 2001, Pharmaceutical Research and Manufacturers of America (PhRMA) estimated that trade barriers — particularly inadequate intellectual property protection for pharmaceuticals and price controls — cost U.S. drug firms \$11 billion a year. Market access barriers encountered by the U.S.

pharmaceutical industry are common. The DOC has recently been involved with cases in countries such as Brazil, China, South Korea, Croatia, Italy, Japan, Spain, Turkey, and Taiwan.

In order to address the growing problem of trade barriers, the DOC continues to encourage increased government-industry dialogue on market access concerns to develop positions for a variety of bilateral and multilateral initiatives. These initiatives include, among others, the U.S.-China Joint Commission on Commerce and Trade, the U.S.-Russia Cooperation Council, the Transatlantic Business Dialogue, and the Free Trade Agreement of the Americas.

The challenges that the world community faces in providing adequate health care and improvements in quality of life are also opportunities for U.S. companies to rise to the occasion and contribute new technologies and life-saving pharmaceuticals to enhance the well-being of all. ■

BIOTECHNOLOGY

by Emily Arakaki

Biotechnology and Diagnostics, Trade Development

Biotechnology — often defined as a collection of technologies and tools that use cellular and molecular processes to solve problems or make products — dominates research and development (R&D) in life sciences. The techniques associated with biotechnology — genetic engineering, monoclonal antibodies, DNA amplification, tissue engineering, stem cell regeneration, genomics, proteomics, and bioinformatics — continue to evolve with advances in scientific knowledge.

Application of biotechnologies has resulted in new medicines, safer vaccines, increased agricultural yields, and cleaner industrial processes. In the last 30 years, U.S. biotechnology enterprise has grown to encompass more than 1,300 companies that employ over 174,000 people. According to the Biotechnology Industry Organization, more than 250 million people worldwide have been helped by 133 biotechnology drugs and vaccines, tissue engineered products, and hundreds of new diagnostic tests. Of the biotech medicines on the market, 75 percent were approved in the last six years, and 350 more are in late stages of development. In agriculture, the first biotech-derived crops were commercialized in 1996 in the United States; by 2001, about 50 plant crop varieties had been approved for marketing. Over 88 million acres were planted with biotech-derived crops in the United States, providing more disease resistant crops and less reliance on conventional pesticides. Biotechnology is yielding diverse industrial products from biodegradable plastics to improved enzymes (that help conserve energy or reduce pollution).

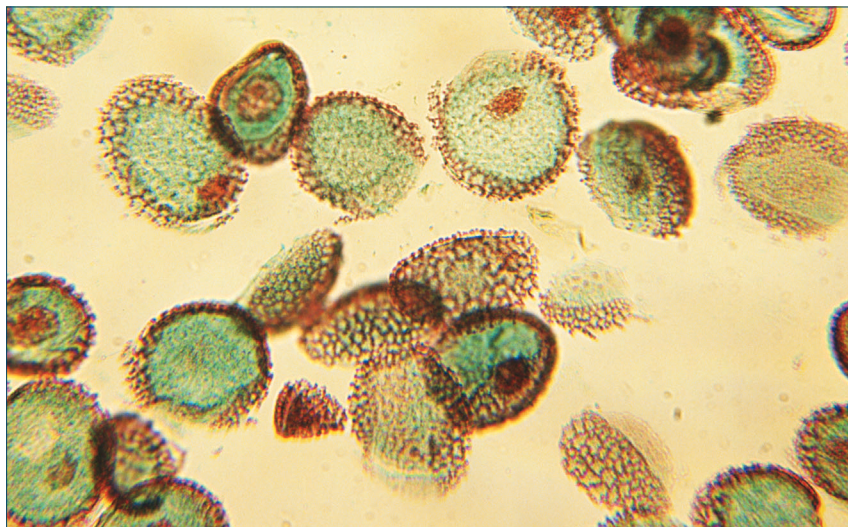
The aging of the baby boom generation and increasing population of elderly

persons will provide a tremendous market for biotech products, particularly for cancer and heart disease. Increased industry investment in R&D, as well as substantial increases in public funding by the National Institutes of Health and other agencies, will provide the ideas and working capital to commercialize new products. Many of the answers to bioterrorism will be found through the application of biotechnology into unraveling the genetic makeup of pathogens, design of safer vaccines, effective antidotes, and more reliable diagnostics.

While U.S. Census production and trade data on biotechnology are lacking, several private sources have been collecting data on U.S. companies engaged in biotech-related R&D and manufacturing. Precise figures are not available, but industry observers state that tremendous growth and opportunity lie ahead. Consulting Resources Corporation forecasts that U.S. sales will grow at 12 percent annually, reach-

ing \$62 billion within the next decade. Ernst & Young predicts that U.S. biotech revenues — about \$28 billion in 2001 — will grow by 15 to 20 percent annually for the next three to five years, and accelerate further as findings from genomics and proteomics are commercialized. Factors influencing market size include the pace of regulatory approvals, price/performance advantages (especially of non-medical products), and consumer acceptance of foods derived from biotech.

Most of the top-selling biotech products, biopharmaceuticals, are developed by U.S.-based companies and are often produced domestically or licensed for production abroad. Biotech companies also earn patent royalties and contract R&D payments. Industry sources estimate that about 40 percent of biotech-derived products and services are exported. The top export destinations are Western Europe, Japan, and Canada, paralleling exports of conventional biomedical products. ■



Pollen spores.

NUTRITIONAL PRODUCTS

by Marnie Morrione

Pharmaceuticals and Nutritional Products, Trade Development

As health care costs rise and preventative medicine becomes the new watchword, consumers are looking toward another sector: the nutritional products industry. The interest in self-treatment has created new market opportunities for nutritional products around the world. The U.S. industry recently has suffered through market adjustments with relatively low sales domestically, following the prosperous years immediately after the enactment of the Dietary Supplement Health and Education Act of 1994. However, the export potential for U.S. products is improving as demographics shift and living standards rise.

According to the Freedonia Group, world demand for nutritional products is currently at approximately \$131 billion and is expected to increase by over 8 percent annually to \$162 billion in 2004. Most of the impressive growth is projected in fortified foods and beverages followed by dietary supplements such as multivitamins and mineral preparations. What is driving this demand? The two leading forces are ageing populations and improving standards of living. Consumers aged 50 years and older are the main market drivers; many of these consumers are seeking a better quality of life through cheaper means.

OBSTACLES TO CONSIDER AND HOW COMMERCE CAN ASSIST

Although many overseas markets are ripe for U.S. nutritional products, there are several obstacles to consider. With a strong U.S. dollar, often U.S. companies are at a disadvantage with

regards to pricing. Europe, Canada, and Japan are the strongest competitors for U.S. nutritional product companies. Market research is essential to make sure there is sufficient demand for your product overseas and that you can offer competitive contracts. Offering custom formulation, private labeling, distributorships, and bulk-pricing contracts can often make the difference, because many distributors or buyers are interested in putting their own companies' names on nutritional products to utilize their existing customer bases.

To assist you in finding the best market for your products, the Department of Commerce (DOC) offers many programs and services, including market information by country and industry. In addition, we encourage companies to participate in international trade shows and missions to assess the level of interest in your products in countries or regions. For example, the DOC provides a relatively inexpensive way to participate in trade shows through a Product Literature Center whereby Commerce takes your product information to a trade show and represents your company while collecting potential buyer and distributor information. At the recent first annual Natural Products Expo Asia in Hong Kong, the DOC collected more than 700 trade leads for 14 U.S. companies. Expo Asia was hailed as a success, attracting over 4,000 industry attendees with retail, manufacturing, and supply buyers from more than 60 countries. Penton Media has announced this trade show will return to the Hong Kong Convention and Exhibition Center on

June 18-20, 2003, and the DOC intends to represent interested U.S. companies again.

Asia offers some of the best prospects. Asia's improving economy and living standards have spurred rapid development of the nutritional products market. The current nutritional products market for China and Japan alone has a value of approximately \$30 billion and is forecast to increase to \$40 billion by 2004. Now that China is a member of the World Trade Organization, it is expected that China's State Drug Administration and Ministry of Health will reevaluate the country's regulatory standards for health products within the next few



Visitors to Expo Asia in Hong Kong peruse the displays of natural products.

Photo courtesy of Trade Development

SOME UPCOMING TRADE EVENTS

American Association of Clinical Chemistry Annual Meeting and Clinical Lab Exposition

July 28-August 1, 2002, Orlando, FL

The AACC Clinical Lab Expo, the largest trade show for diagnostic products and services in the United States, is expected to attract more than 18,000 visitors from over 80 countries.

Contact: Meetings Department, (202) 857-0717, www.aacc.org

Supply Side Asia

September 4-6, 2002, Yokohama, Japan

This international trade show and conference will highlight business opportunities for natural ingredients, dietary supplements, and health foods.

Contact: Attendee Information, (480) 990-1101, ext. 1718; Exhibits, ext. 1171; <http://supplysideshow.com/asia>

Natural Products Expo East

October 3-6, 2002, Washington, DC

Whether you're a small retailer, a mid-sized raw ingredients supplier, or a large international manufacturer, Natural Products Expo East has the resources you need to develop your business in natural products.

Contact: Customer Service, (866) 458-4935 or (303) 390-1776, www.expoeast.com

NNFA Northwest

October 25-27, 2002, Seattle, WA

A trade show for the natural products industry. NNFA is the National Nutritional Foods Association (www.nnfa.org), which represents manufacturers and retailers.

Contact: NNFA WA, (360) 379-2805, nnfanwshow@olympus.net

Supply Side West

December 4-6, 2002, Las Vegas, NV

This is another show for natural ingredients, dietary supplements, and health foods (see Supply Side Asia, above).

Contact: Attendee Information, (480) 990-1101, ext. 1718; Exhibits, ext. 1171; www.supplysideshow.com/west/2002

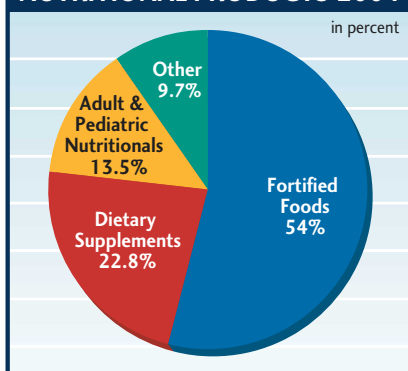
BioTechnica America

April 28-30, 2003, Monterey, CA

BioTechnica America will hold its first biotechnology exhibition, conference, and partnering event in North America. It will also feature a financial forum for investors, a Bio Boot Camp to learn about exporting and sources of capital, and BioBizNez to learn about funding programs to assist start-up companies.

Contact: Hannover Fairs USA, (310) 410-9191, www.hfusa.com

WORLD DEMAND FOR NUTRITIONAL PRODUCTS 2004



Source: The Freedonia Group

years. Both developments make the Chinese market even more promising.

In the meantime, U.S. sales to Japan have been increasing and were up about six percent in 2001. Japan's Ministry of Health recently established four new categories (drugs, food for specified health uses, nutritional food, and other food) to assist in classifying products and determining regulation. Each category has a different level of restriction or regulation to be followed. U.S. companies can now better determine the requirements for imported products.

Classification of nutritional products can present another obstacle for U.S. companies. Considering the cost and time associated with foreign regulatory requirements is imperative. In the majority of overseas markets, nutritional products are classified in an over-the-counter or medical category with difficult regulatory requirements. Unlike the United States where dietary supplements are considered foods, many foreign countries regulate supplements through their ministries of health.

The regulation of nutritional products poses somewhat of a dilemma for governments throughout the world. Based on cost-saving considerations, public authorities typically seek to make many of these products available. However, at the same time, regulators believe that they must protect

consumers from unsafe, ineffective, or fraudulent substances that lack proven health or nutritional benefits. It is necessary for a company to consider not only whether it can comply with the foreign country's regulations, but also the cost and time lag associated with the approval process. To assist in minimizing trade barriers including regulatory roadblocks for U.S. companies, the DOC staff identifies exporting difficulties caused by foreign governments and works to achieve equal treatment for U.S. exporters.

On a global scale in the nutritional products industry, the DOC is working with the U.S. Department of Agriculture, the Food and Drug Administration, and other federal agencies to represent the United States at Codex Alimentarius meetings. The United Nations established the Codex Alimentarius in 1961 to develop standards and guidelines for food products. Its primary purpose is to improve the quality of food products worldwide and to decrease trade barriers due to different sets of standards in different countries. Currently, four key Codex initiatives directly affect the dietary supplements sector: the draft guideline on vitamin and mineral supplements; the draft standard on additives, including those that may be used in supplements; a draft guideline for health claims that can be used for foods, including supplements; and the principles for assessing and managing risks. The next meeting of the Codex Committee on Nutrition and Foods for Special Dietary Uses will be held in Berlin, Germany, on November 4-8, 2002. The DOC continues to participate in Codex to ensure a level playing field for U.S. industry as well as to promote fair trade policies.

Whether it is assistance in promoting your nutritional product overseas or market access concerns and interest in international negotiations, the DOC can provide answers to help your company to succeed. ■

■ DIAGNOSTICS

by Emily Arakaki

Biotechnology and Diagnostics, Trade Development

This rapidly growing industry includes *in vitro* diagnostic (IVD) tests that examine bodily fluid or tissue samples to detect, diagnose, and manage medical conditions; and *in vivo* diagnostic substances that are taken internally to enhance the images of targeted organs or functions during a diagnostic imaging procedure.

The U.S. Food and Drug Administration has approved hundreds of biotech-derived tests, including tests that keep the blood supply safe from the AIDS and hepatitis viruses as well as allow diagnoses of genetic conditions. Meanwhile, DNA "fingerprinting" has dramatically improved forensic investigations, while DNA chips are transforming research by allowing us to test tens of thousands of genes at one time.

In addition to medical applications, diagnostic products are used to test microbial contamination of foods and water; and pollutants in air, water, and soil. According to the U.S. Census Bureau, U.S. diagnostic test sales totaled \$9.5 billion in 2000. Industry observers estimate that sales will increase 7 percent annually, propelled by knowledge gleaned from the mapping of the human genome and proteins that underlie diseases, and the increase in the elderly population from the aging of the baby boom generation. Sales of test kits to detect the presence of foods derived through biotech are increasing as a result of foreign government labeling regulations on biotech foods.

These developments are producing steady gains for U.S. exports. The United States is the world's leading supplier of diagnostic tests, accounting for an estimated 40 percent of global output. In 2001, IVD exports

totaled \$3 billion, amounting to a \$1.9 billion trade surplus. The major overseas destinations are Japan, the United Kingdom, Germany, Canada, and France.

COMMERCE ACTIVITIES IN BIOTECHNOLOGY AND DIAGNOSTICS

The primary mission of the U.S. Commerce Department's International Trade Administration (ITA) is to assist U.S.-based companies in expanding export and other commercial opportunities while reducing trade barriers. For example, ITA offers a variety of services including export counseling at offices located throughout the United States and at embassies abroad, as well as research on leading foreign markets. The Chemicals, Pharmaceuticals and Biotechnology Division (CPBD) in ITA is also participating in a public-private partnership with the Advancing California's Emerging Technologies incubator in Alameda, the Bay Area World Trade Center, and California's Commerce, Trade and Technology Agency, to help new companies in the state enter the European market. This effort, partially funded under a matching grant awarded by the Commerce Department under the Market Development Cooperator Program (MDCP), began with a workshop on the EU market held in Oakland in April, and will include trade missions such as Medica in Germany this November. For further information about the MDCP and applying for a grant, visit www.export.gov/mdcp.

Technological progress often presents new regulatory, scientific, and social issues. It is not uncommon for

government regulations, in the United States or elsewhere, to trail introduction of new products. The Department of Commerce can assist U.S. biotechnology and diagnostics companies to obtain foreign regulations and contacts, or assist foreign buyers and U.S. embassies in locating American suppliers. For example, CPBD staff worked with Commercial Service posts and government ministries in successfully assisting a large firm in entering the Mexican market for a biotech-derived enzyme used in food production, and in exporting cell lines to France. Several years ago, when Chinese producers were hit by a serious contamination problem affecting human albumin production, CPBD located alternative U.S. suppliers. CPBD also helped set up a sales mission to centers of excellence in South America for a U.S. producer of reagents used in DNA testing, and is currently working with the diagnostic industry in obtaining clarifications on regulatory approval procedures in Asia.





On a broader scale, ITA is working with other government agencies to ameliorate country practices that impede U.S. exports. The leading trade barriers for biotech-derived products are restrictions on regulatory approvals and labeling of biotech foods, inadequate intellectual property rights, and price controls on biomedical products. (To view the most recent report on trade barriers, visit www.ustr.gov/reports/nte/2002/index.htm.) ITA is also working to ensure that new international standards or guidelines under consideration in the Codex Alimentarius and the Biosafety Protocol, which affect approval processes for biotech-derived foods and labeling requirements, are scientifically based and are no more trade restrictive than necessary. To meet the challenges raised by biotechnology, CPBD recently added a second person to its staff. U.S. companies seeking relief from trade barriers should feel free to ITA's Trade Compliance Center or CPBD trade specialists. ■

ASSOCIATIONS

Pharmaceutical Research and Manufacturers of America (PhRMA)

1100 Fifteenth Street, NW
Washington, DC 20005
Phone: (202) 835-3400
Fax: (202) 835-3414
www.phrma.org

Generic Pharmaceutical Association (GPhA)

1620 Eye Street, NW, Suite 800
Washington, DC 20006
Phone: (202) 833-9070
Fax: (202) 833-9612
www.gphaonline.org

Consumer Healthcare Products Association (CHPA)

1150 Connecticut Avenue, NW,
Suite 1200
Washington, DC 20036-4193
Phone: (202) 429-9260
Fax: (202) 223-6835
www.chpa-info.org

National Nutritional Foods Association (NNFA)

3931 MacArthur Boulevard, Suite 101
Newport Beach, CA 92660-3013
Phone: (800) 966-6632
Fax: (949) 622-6266
www.nnfa.org

Council for Responsible Nutrition (CRN)

1875 Eye Street, NW, Suite 400
Washington, DC 20006
Phone: (202) 872-1488
www.crnusa.org

American Herbal Products Association (AHPA)

8484 Georgia Avenue, Suite 370
Silver Spring, MD 20910
Phone: (301) 588-1171
Fax: (301) 588-1174
www.ahpa.org

Biotechnology Industry Organization (BIO)

1225 Eye Street, NW, Suite 400
Washington, DC 20005-5958
Phone: (202) 962-9200
Fax: (202) 962-9201
www.bio.org

Advanced Medical Technology Association (AdvaMed)

1200 G Street, NW, Suite 400
Washington, DC 20005-3814
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E-mail: tcc@ita.doc.gov
www.export.gov/tcc

Report trade complaints to the Trade
Compliance Center.

Additionally, the Commercial Service
publishes many useful market research
reports, which can be found at
www.usatrade.gov.

UPCOMING TRADE EVENTS

JULY - DECEMBER 2002

DATES	EVENT	LOCATION
July 10 - 12	PAACE Automechanika Exhibition PAACE Automechanika is the largest and most important automotive trade event in Latin America. Mexico bought over \$12 billion U.S. automotive parts in 2000, a 35 percent increase over 1999. Commerce Department automotive industry specialists will focus on identifying business leads for U.S. companies.	Mexico City, Mexico
July 22 - 28	Farnborough International 2002 Farnborough is the second-largest show and among the most prestigious in the world for the aerospace industry. The 2000 show was the most successful ever and recorded orders totaling \$26.7 billion. The show site was expanded to accommodate 1,325 exhibitors from 32 countries, with 50 official delegations attending during the five trade days.	Farnborough, United Kingdom
July 31 - August 2	Analitica Latin America 2002 The American Product Literature Center at Analitica Latin America offers smaller firms an opportunity to have their literature showcased at Brazil's largest trade show for analytical instruments and laboratory equipment. Commerce staff provide each company with sales leads of foreign buyers.	Sao Paulo, Brazil
August 3 - 6	ISPO Summer 2002 Each year at the ISPO Summer in Munich, the sports equipment and fashion industry sets the tone for the following summer season in sports articles and sports fashion. Exhibitors from over 40 countries present their range of products, focusing on both summer and non-seasonal sports.	Munich, Germany
August 25 - 31	Aerospace Trade Mission The Office of Aerospace will lead a trade delegation to Vietnam to explore substantial market opportunities for U.S. aerospace companies. This mission will include representatives from a variety of U.S. firms interested in gaining a foothold in the fast-growing Vietnamese aerospace market.	Hanoi and Ho Chi Minh City, Vietnam
August 26 - 29	Comdex Korea Comdex Korea is one of the largest IT and telecommunication exhibition in South Korea. U.S. IT and telecommunication companies will find this event the most valuable chance to expand their market exposure in South Korea. Revenue from the information and communications industry in South Korea, which was recorded around 90 trillion won (\$70 billion) is expected to increase to 135 trillion won (\$104 billion) by 2002. The number of Internet users is expected to increase to 10 million by 2002, and more than 75 percent of businesses will be taking advantage of e-commerce.	Seoul, South Korea
September 3 - 6	GlobalTRONICS GlobalTronics is Asia's premier event integrating six specialized electronics exhibitions. The event covers the full spectrum of products and services in microelectronics, systems integration, and components. The Commerce Department is sponsoring an American Products, Literature Center and will display participating company catalogs, sales brochures, and other graphic sales aids.	Singapore
September 4 - 7	Asia Food Expo 2002 Asiafood Expo is the largest trade show for the food industry in the Philippines. Over 600 local and foreign exhibitors participated in the 2000 show, which attracted over 18,000 visitors.	Manila, Philippines
September 10 - 13	Gartex 2002 Gartex 2002 is the 12th International Garment Machinery, Textiles, Accessories and Textile Machinery Exhibition. This exhibition will feature state-of-the-art machinery and technology for the textile industry. It is estimated that the apparel/textile industry will grow at a steady pace over the next decade with ever increasing demand for quality products.	New Delhi, India
September 15 - 24	Medical Device Trade Mission The Commerce Department plans to lead a trade delegation of up to 17 U.S. medical device companies to major metropolitan areas in China. Group briefings from local experts, regulatory officials and embassy and consulate staff, visits to medical facilities, and one-on-one meetings specially arranged based upon each firm's business interests will help participating U.S. companies make the contacts needed to establish or expand business in China's fast-growing medical market.	Beijing and Chengdu, China and Hong Kong

HIGHLIGHTED EVENTS

DEPUTY SECRETARIAL BUSINESS
DEVELOPMENT MISSIONSEPTEMBER 8–13, 2002
MONTREAL, TORONTO, OTTAWA, AND
VANCOUVER, CANADA

Deputy Secretary of Commerce Samuel Bodman will lead a senior-level business development mission to Montreal, Toronto, Ottawa, and Vancouver, Canada.

The focus of the mission will be to help U.S. companies explore business opportunities in Canada. The delegation will include approximately 15 U.S.-based senior executives of small, medium, and large U.S. businesses representing, but not limited to, the following key growth sectors: automotive, information technology, telecommunications, safety and security, electric power generation, aerospace, and pharmaceuticals. These key sectors reflect areas of growth in the Canadian economy, which very closely mirrors U.S. economic expansion.

The business development mission will provide participants with exposure to high-level business and government contacts and an understanding of market trends and the commercial environment. American embassy officials will provide a detailed briefing on the economic, commercial, and political climate, and participants will receive individual counseling on their specific interests from U.S. Commercial Service industry specialists.

Contact:
Office of Business Liaison, Room 5062
Department of Commerce
Washington, DC 20230
Tel: (202) 482-1360, Fax: (202) 482-4054

REPCAN MONTREAL MATCHMAKER

SEPTEMBER 19–20, 2002
MONTREAL, CANADA

RepCan Montreal 2002 is organized by the U.S. Commercial Service in Canada to provide small and medium-sized American firms with an affordable and effective way to establish long-term business relationships in the Canadian market.

Quebec is the second-largest economy in Canada, and the province trades more goods with the U.S. than with the rest of Canada. The U.S. is Quebec's seventh largest trading partner, with over 40 percent of its imports coming from the United States. Montreal, with an annual economic production estimated at US\$70 billion, ranks as the number one city in North America for density of high-tech jobs.

For further information on RepCan Montreal 2002, visit our Web site at www.buyusa.gov/canada, or
Contact: Connie Irrera, Project Manager
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and EquipmentElizabeth Ausberry
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E-mail: Elizabeth.Ausberry@mail.doc.gov

Medical Equipment

Lisa Huot
Tel: (202) 482-2796
E-mail: Lisa_Huot@ita.doc.gov

DATES	EVENT	LOCATION
September 17 - 22	Automechanika Exhibition Automechanika is the largest and most important automotive parts and accessories trade event in the world and occurs every two years. Automotive industry trade associations organize four to six group pavilions for U.S. companies. Commerce Department automotive industry specialists will focus on identifying business leads for U.S. companies.	Frankfurt, Germany
September 18 - 20	Global Franchising 2002 The fourth annual Global Franchising Expo 2002 will be held in the International Convention and Exhibition Center in Suntec City, Singapore. This year's themes for franchising opportunities include: retail trade, food service, and service industries.	Suntec City, Singapore
September 18 - 22	Intermot '02 The third Intermot International Trade Fair for Motorcycles and Scooters is the world's key trade fair in this industry. It is held every two years (alternating with EICMA Milan) and is both a classic trade fair and a fascinating show for the general public. In 2000, a record number of exhibitors, more than 1,000 from 33 countries, took part.	Munich, Germany
September 24 - 28	SMM Shipbuilding, Machinery & Marine Technology SMM is the world's largest exposition for the international shipping and shipbuilding industry. SMM2002 will attract 35,000 buyers from more than 60 nations. More than 1,200 exhibitors representing shipyards from over 45 countries will be participating.	Hamburg, Germany
September 25 - 27	Mexican Manufacturing Week 2002 Mexican Manufacturing Week is Mexico City's premier manufacturing trade show – the only event specializing in solutions for every aspect of the manufacturing process: management, engineering, production, assembly, quality control, and maintenance. U.S. companies may test foreign markets, develop sales leads and locate agents or distributors through U.S. Products Literature Centers sponsored by the Commerce Department.	Mexico City, Mexico
September 26 - 29	Aquatech 2002 Aquatech is one of the largest and most important events in the water sector – and draws not only Europeans but a worldwide audience. The American Product Literature Center offers smaller companies new to Europe a very cost-effective market introduction – and contact with potential representatives.	Amsterdam, Netherlands
September 30 - October 2	Golf Europe Golf Europe is a specialized show for golf course operators. Germany itself is the fastest-growing and fifth largest foreign market for U.S. golf equipment. The focus of the show is on golf equipment, accessories, apparel, and other golf-related products.	Munich, Germany
September 30 - October 4	Electrical Power Mission The Deputy Assistant Secretary for Basic Industries will lead an electric power trade mission to Vietnam and Thailand to promote U.S. electric power company participation in these markets. The mission will include representatives from electric power companies and equipment manufacturers interested in entering, or expanding their presence, in Southeast Asia.	Hanoi and Ho Chi Minh City, Vietnam, and Bangkok, Thailand
October 7 - 12	The Bucharest International Trade Fair The Bucharest International Trade Fair is the leading commercial event in Romania and one of the most prominent trade fairs in Eastern Europe. It is a general technical fair, with a strong emphasis on industrial equipment and industrial consumer goods.	Bucharest, Romania
October 14 - 18	Aerospace Business Development Mission The U.S. Department of Commerce's Office of Aerospace is sponsoring this executive trade mission to South Africa. The focus is on regional airport infrastructure, ground support equipment, perimeter security, baggage handling, cargo operations, aircraft maintenance, and air traffic control systems. Participants will visit six regional airports and meet with civil aviation procurement officers in one-on-one and group settings. U.S. and South African participants will discuss trade opportunities in various airport projects in South Africa.	Durbin and Johannesburg, South Africa
November 6 - 8	Metal Mechanica 2002 This is the fourth international exhibition and conference for precision metal forming, steel construction, manufacturing, transportation, welding, electro-mechanical technologies, and related arts and sciences. This event attracts more than 200 exhibitors and 4,500 professional trade visitors.	Mexico City, Mexico
December 2 - 7	ITU Telecom Asia 2002 This fair will be the largest and most successful regional telecom event ever, attracting world and regional leaders from telecommunications industries and information technology fields, as well as key government officials from across the region. More than 30,000 buyers and 20,000 exhibitors will be present.	Hong Kong

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**CORPORATE EXECUTIVE OFFICE (CEO)
MISSION AT EXPOPHARM '02**

**OCTOBER 10-13, 2002
BERLIN, GERMANY**

The U.S. Department of Commerce is organizing the annual Corporate Executive Office (CEO) at Expopharm '02, Europe's largest pharmaceutical, over-the-counter (OTC) product, and health supplements show, with over 450 exhibitors and over 20,000, strictly trade-only, visitors from 67 countries. Product groups include: drugs-OTC; services; bandages and hospital care products; cosmetics and body care products; laboratory and prescription accessories; nutritional supplements; hygiene products; pharmacy furnishings; and software/hardware products. The show targets trade visitors from the pharmaceutical sector including retail pharmacies, doctors, and nurses. The Expopharm CEO is intended as an alternative to exhibiting individually.

This CEO consists of a package of services: pre-show counseling; presence and base of operations on show premises with shared office suite, equipment, and services; market research and formal briefing in-country by the CS pharmaceutical sector specialist; exposure through entry into the show catalog, and the on-site electronic search system; assignment of a multi-lingual personal assistant/escort; on-site scheduling of meetings with pre-screened potential partners, agents, and buyers; and post-show assistance and follow-up with contacts.

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**LABORATORY, ANALYTICAL AND
SCIENTIFIC INSTRUMENTS**

**NOVEMBER 4-8, 2002
BRUSSELS, BELGIUM AND
UTRECHT, THE NETHERLANDS**

The U.S. Department of Commerce's Export Promotion Services Matchmaker Trade Delegation Program will lead a laboratory, analytical and scientific instruments matchmaker trade delegation to Brussels, Belgium and Utrecht, the Netherlands, November 4-8, 2002. The Matchmaker will target the laboratory, analytical, and scientific instruments industries including the clinical and biological, analytical chemistry, and measurement and testing sectors. The focus of the delegation will be to match participating U.S. companies with qualified agents, distributors, representatives, licensees, and joint venture partners in these markets. This Matchmaker will be held in conjunction with HET Instrument in Utrecht, the premier laboratory technology trade show in the Netherlands, Belgium, and Luxembourg.

The Matchmaker's goal is to gain first-hand market information and provide access for participants to key government officials and potential business partners for new-to-market, and/or new-to-export U.S. laboratory, analytical, and scientific instruments firms.

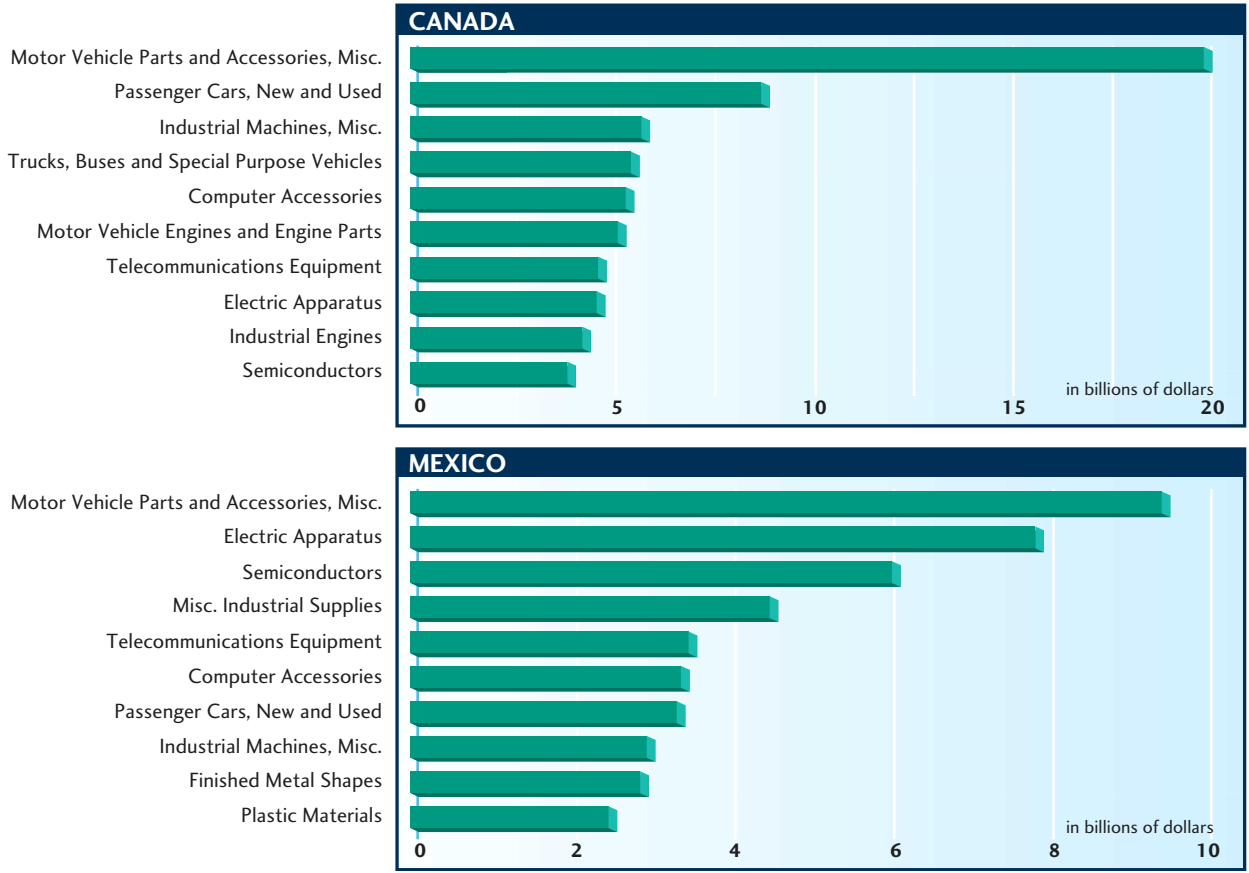
Contact: Bill Kutson
Tel: (202) 482-2839
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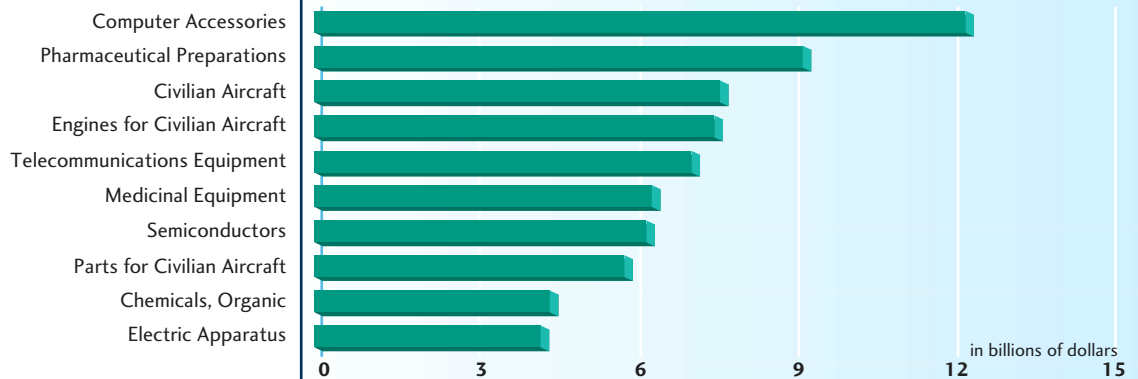
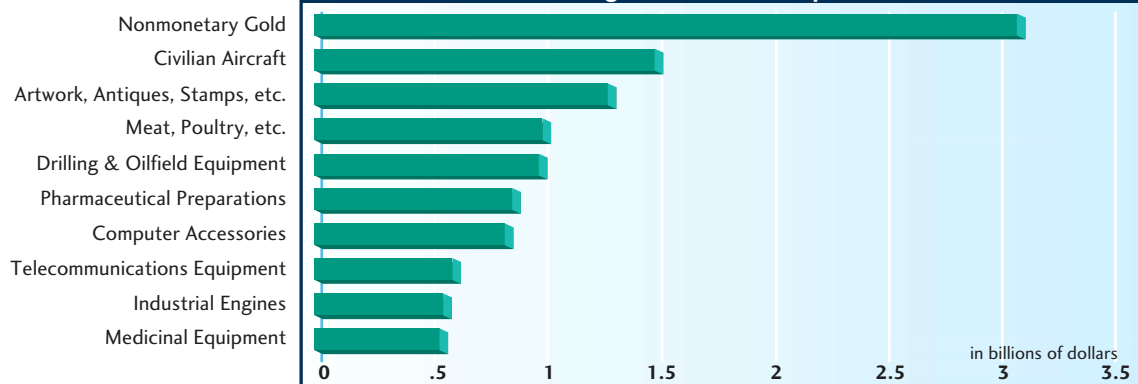
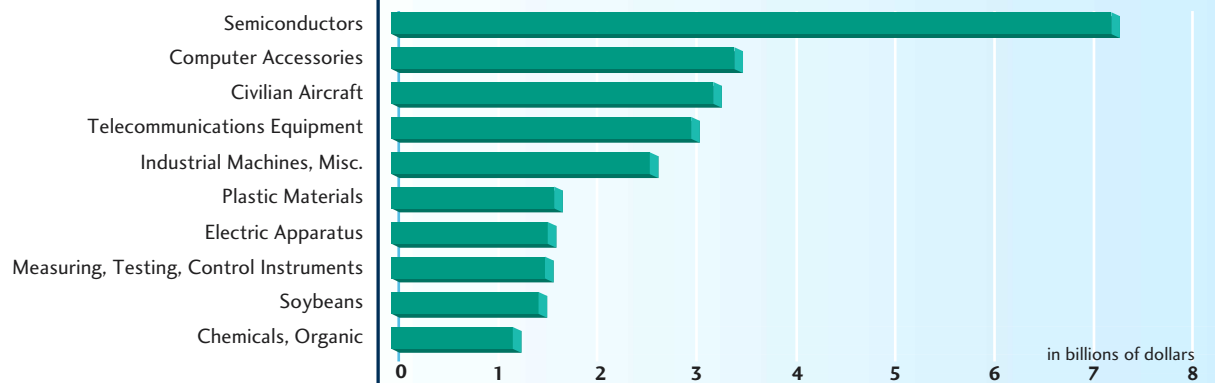
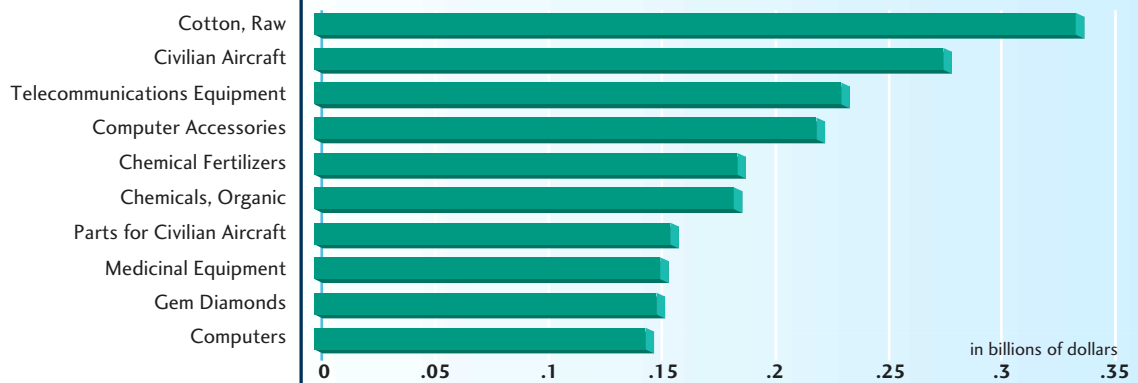
■ U.S. PRODUCT EXPORTS TO REGIONAL MARKETS

The charts presented in this issue break down U.S. exports of goods by product and market (destination). For each of 14 national or regional markets, one can see the top 10 products (in terms of value).

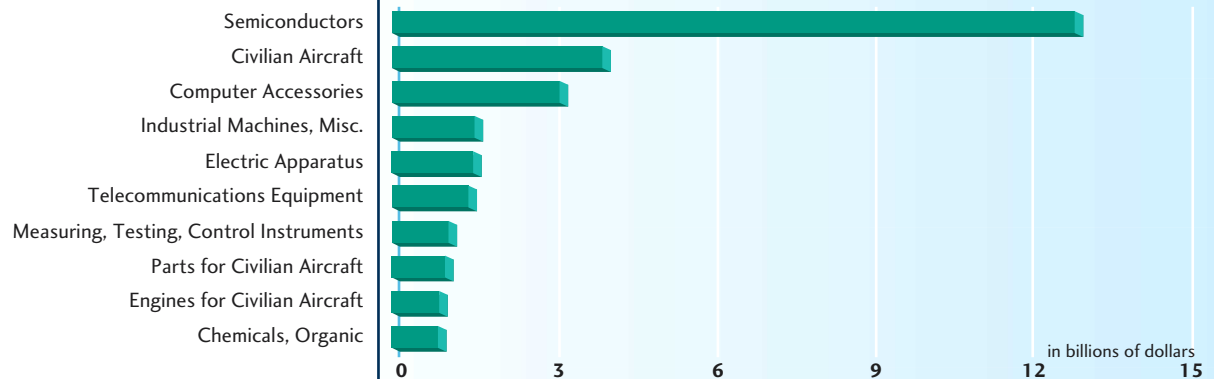
The charts are based on data for calendar year 2001. The product categories reflect end-use classification. More information on end-use and other classification systems is available from the Bureau of the Census at www.census.gov/foreign-trade/www/schedules.html.

The rankings are mainly determined by the extent of disaggregation in the classification scheme, and thus have limited significance when examined in isolation. For example, all semiconductors are grouped together, whereas industrial machinery is subdivided into 10 categories. This tends to make semiconductors more prominent in the rankings, and industrial machinery less prominent. However, comparisons between markets do reveal variations in the product mix of U.S. exports in different parts of the world.

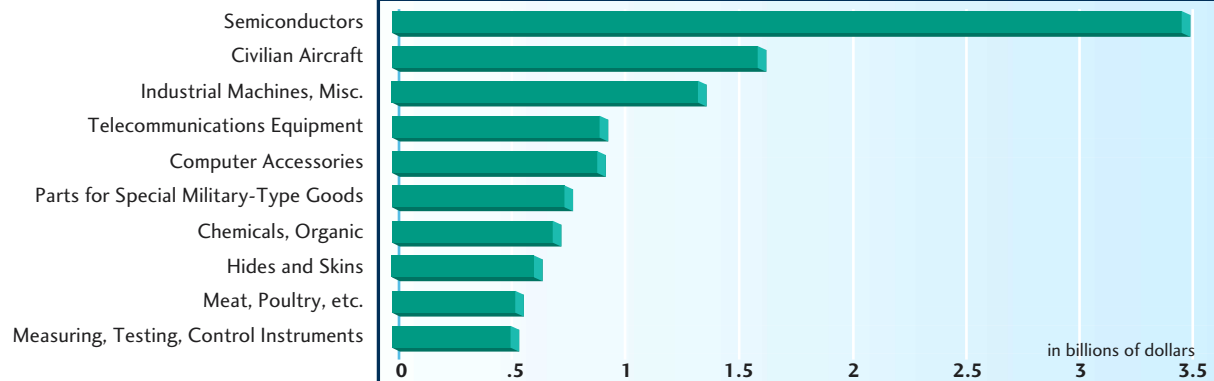


EUROPEAN UNION**OTHER EUROPE (Including Former Soviet Republics)****CHINESE ECONOMIC AREA****SOUTH ASIA**

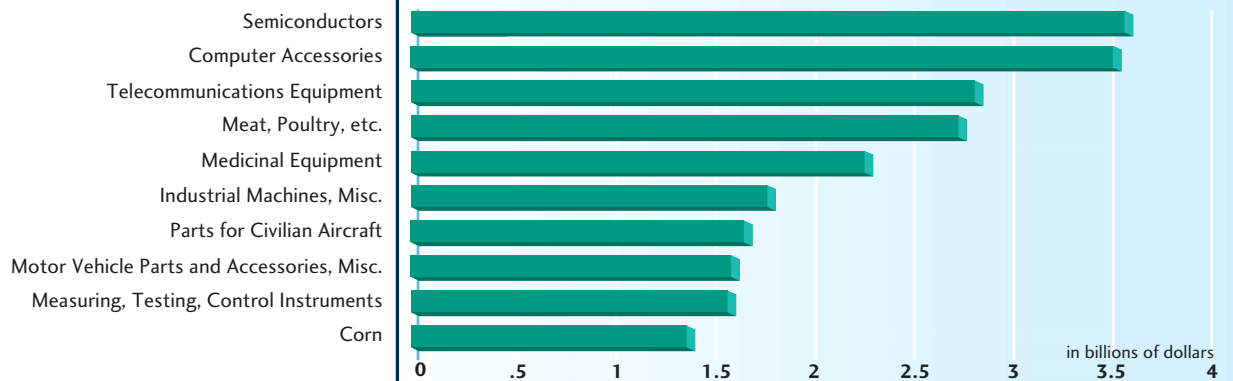
ASSOCIATION OF SOUTHEAST ASIAN NATIONS



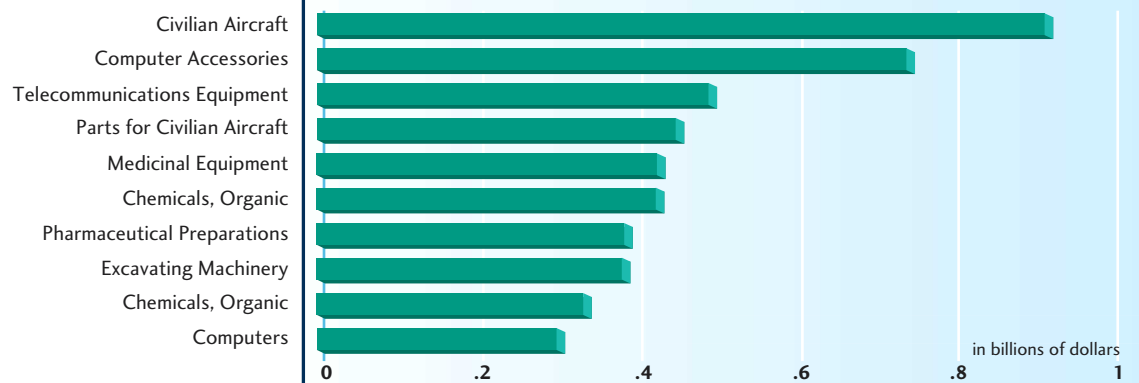
KOREA

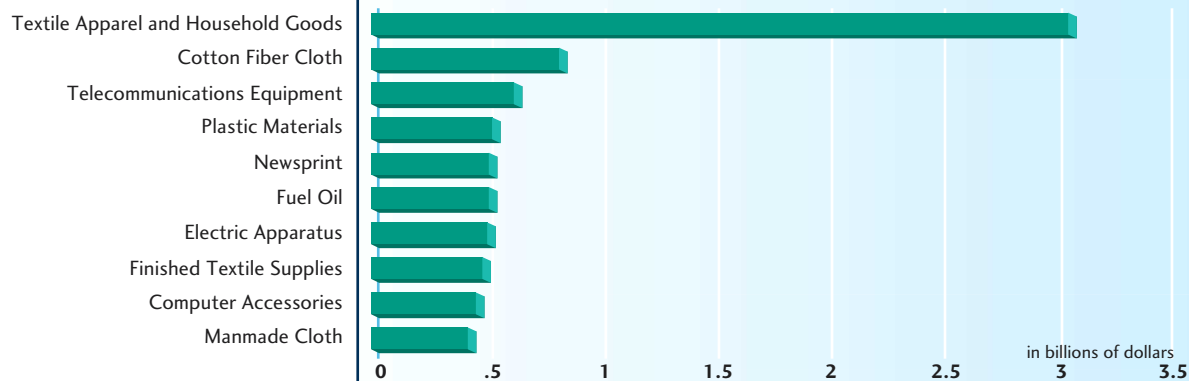
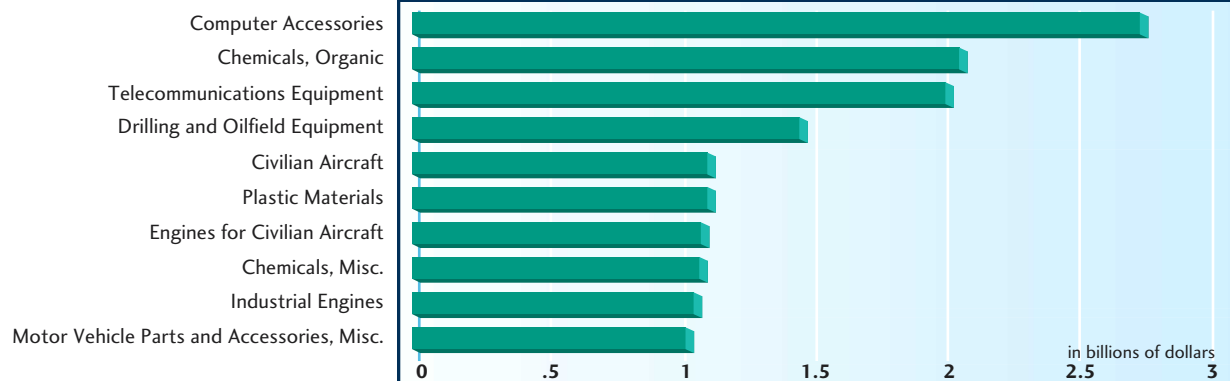
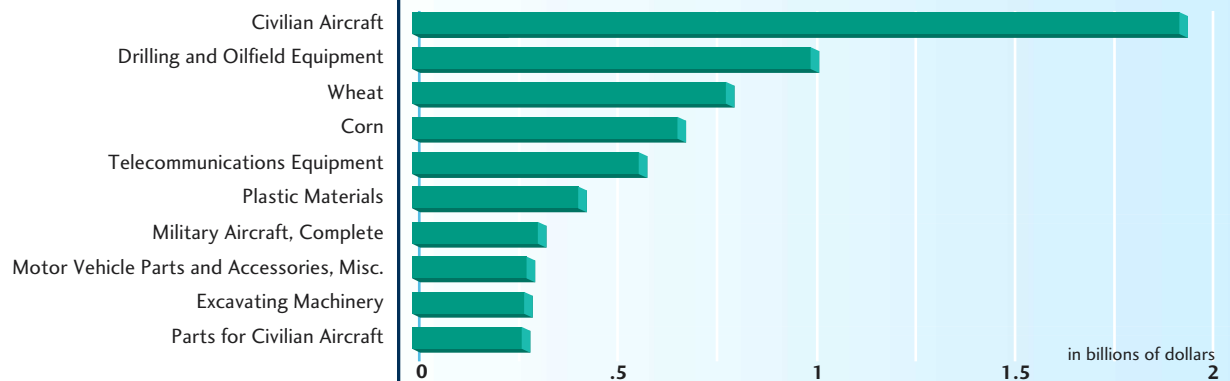
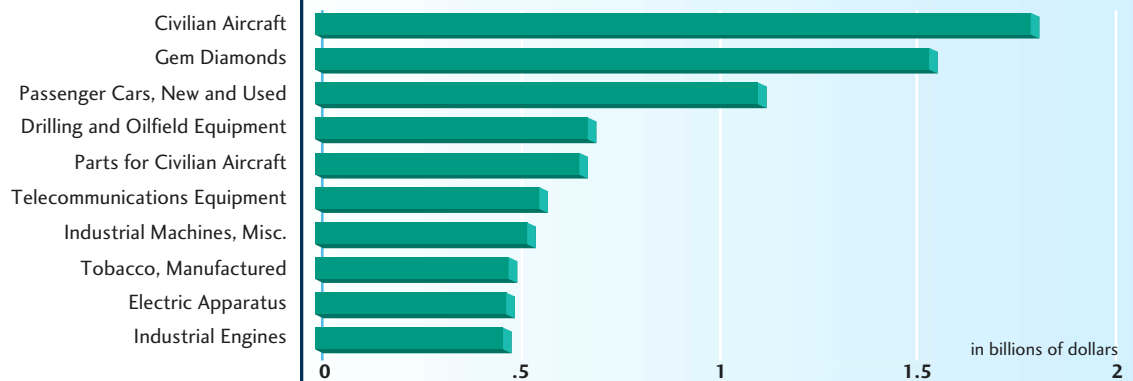


JAPAN



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